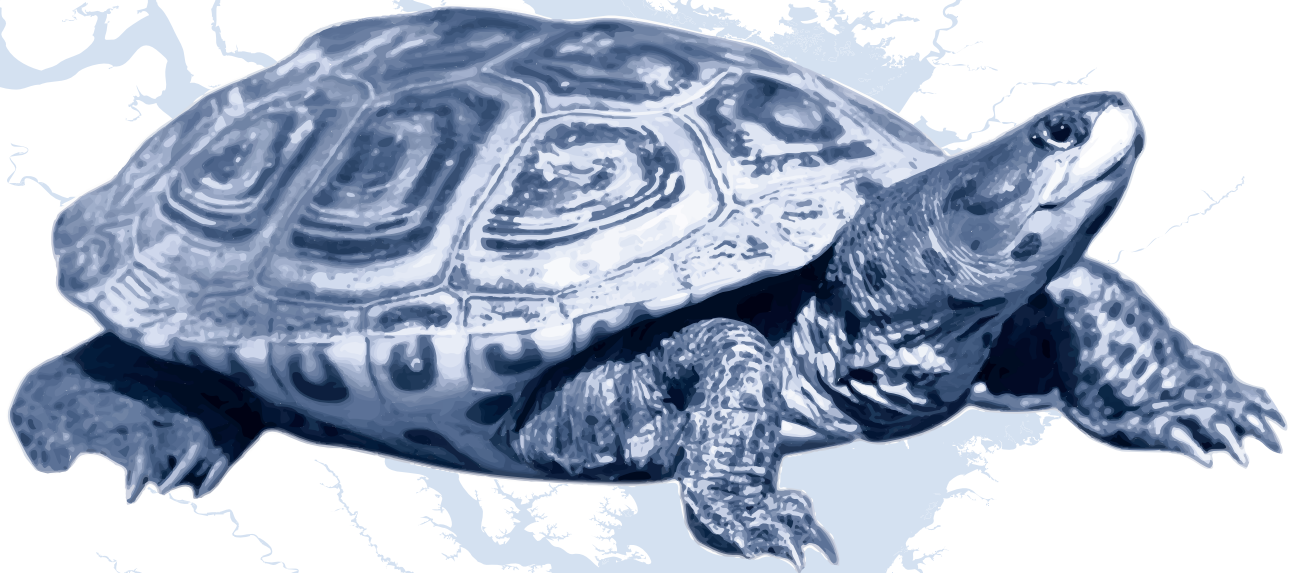


MARYLAND

2014 STATE & LOCAL TAX FORMS & INSTRUCTIONS

For filing personal state and local income taxes for full- or part-year Maryland residents



The Maryland Terrapin, officially the Diamondback Terrapin, has been the Maryland State reptile since 1984.



COMPTROLLER
of MARYLAND

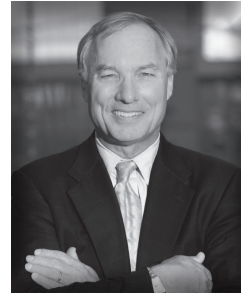
Serving the People

Peter Franchot, Comptroller



Scan to check your refund
status after filing.

A MESSAGE FROM
COMPTROLLER PETER FRANCHOT



Dear Maryland Taxpayers:

As I enter my ninth year as Maryland's Comptroller, I'm proud of the work the agency has accomplished to better serve the people of Maryland.

One of my main goals remains making tax preparation painless. In fact, the 1.3 million taxpayers due a refund saw their money deposited in their bank accounts in as little as three business days by choosing direct deposit, an increase of more than 5 percent over last year. Additionally, more than 128,000 taxpayers recognized the ease of direct debit to pay their liabilities representing an increase of 16 percent from 2013.

Last filing season, despite a late start due to IRS delays, we saw yet another increase in the number of tax returns filed electronically. More than 2.2 million Marylanders recognized the simplicity, safety and swiftness of filing their tax returns through our iFile program, using a professional tax preparer or commercial software.

As Comptroller, I understand the importance of consistency and predictability in the tax code, which is why I welcome the recent changes to Maryland's estate taxes.

I have been a strong proponent of the state re-coupling the Maryland estate tax with federal government regulations. Previously, Maryland estates worth more than \$1 million were taxed by the state while the federal government exempts the first \$5.34 million of estates.

Not only did the large gap between Maryland and the federal exemption create inconsistencies for family planning, but it produced an uncompetitive environment with neighboring states. I believe that re-coupling will attract entrepreneurs and the jobs they bring with them and keep the people who so often are bedrock philanthropists and give so much back to our communities.

I'm pleased to report that the Maryland General Assembly passed and the Governor signed into law legislation that will re-couple the Maryland and federal estate tax law over five years. Specifically, the Maryland exemption will be \$1 million in 2014, \$1.5 million in 2015, \$2 million in 2016, \$3 million in 2017, \$4 million in 2018, and equal to the federal exemption amount in 2019. The federal exemption is currently \$5,340,000 and it is indexed for inflation. I salute the Governor and legislature for taking this action.

So, as we begin 2015, I pledge to continue my agency's efforts to make tax preparation more efficient and to be an independent voice and fiscal watchdog, safeguarding your hard-earned tax dollars and promoting the long-term fiscal health of the State of Maryland.

Sincerely,

A handwritten signature in black ink that reads "Peter Franchot". The signature is written in a cursive, flowing style.

Peter Franchot

TABLE OF CONTENTS

Filing Information ii

INSTRUCTIONPAGE

1. Do I have to file?	1
2. Use of federal return.	2
3. Form 502	2
4. Name and address	2
5. Social Security Number(s).	2
6. County, city, town information.	2
7. Filing status.	2
8. Special instructions for married filing separately.	2
9. Part-year residents	4
10.Exemptions	4
11.Income	4
12.Additions to income	4
13.Subtractions from income	5-8
14.Itemized Deductions.	8
15.Figure your Maryland Adjusted Gross Income	8
16.Figure your Maryland taxable net income	9
17.Figure your Maryland tax.	10
18.Earned income credit, poverty level credit and credits for individuals and business tax credits.	10-12
19.Local income tax and local credits	12
20.Total Maryland tax, local tax and contributions	12
21.Taxes paid and refundable credits.	13
22.Overpayment or balance due.	13
23.Telephone numbers, code number, signatures and attachments.	14
24.Electronic and PC filing, mailing and payment instructions, deadlines and extension.	15
25.Fiscal year.	15
26.Special instructions for part-year residents.	15
27.Filing return of deceased taxpayer	16
28.Amended returns	17
29.Special instructions for military taxpayers	17
• Tax Tables	18-24

Other information included in this booklet:

- Privacy act information
- State Department of Assessments and Taxation Information

NEW FOR 2014

Elimination of Form 503: Form 503 is no longer available. Resident individuals must file using Form 502.

Reporting Capital Gain or Loss: If you received income from capital gains or losses, you must report that amount on line 1c of the Form 502. The capital gain or loss amount is taken from line 13 of the federal Form 1040.

Reporting Taxable Pension, IRA, and/or Annuity Income: If you received income from a pension, IRA, and/or annuity that was subject to federal taxation, you must enter the total amount on the Form 502. The total of lines 15b and 16b from your federal Form 1040 or line 11b and 12b from your federal Form 1040A are entered on line 1d of the Form 502.

Earned Income Tax Credit Limitation Checkbox: If the amount of your investment income is more than \$3,350, you must check the box on line 1e. You do NOT qualify for the earned income tax credit.

New subtraction modifications: There are three new subtraction modifications available. See Instruction 13 for more information.

Limits on Itemized Deductions: Maryland has recoupled with the federal 2014 itemized deduction threshold. See Instruction 14 for more information.

New Business Tax Credits: There are two new business tax credits available. See Instructions to Form 500CR available at www.marylandtaxes.com.

GETTING HELP

- **Tax Forms, Tax Tips, Brochures and Instructions:** These are available online at www.marylandtaxes.com and branch offices of the Comptroller (see back cover). For forms only, call 410-260-7951.
- **Telephone:** February 2 - April 15, 2015, 8:30 a.m. until 7:00 p.m., Monday through Friday, call 1-800-MDTAXES (1-800-638-2937) or from Central Maryland 410-260-7980.
- **Email:** Contact taxhelp@comp.state.md.us.
- **Extensions:** To telefile an extension, call 410-260-7829; to file an extension online, visit www.marylandtaxes.com.

RECEIVING YOUR REFUND

- **Direct Deposit:** To have your refund deposited to your bank or other financial account, enter your account and routing numbers at the bottom of your return.
- **Deposit of Income Tax Refund to more than one account:** Form 588 allows income tax refunds to be deposited to more than one account. See Instruction 22 for more information. Check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. The State of Maryland is not responsible for a lost refund if you enter the wrong account information.
- **Check:** Unless otherwise requested, we will mail you a paper check.
- **Refund Information:** To request information about your refund, see OnLine Services at www.marylandtaxes.com, or call 1-800-218-8160 or from Central Maryland 410-260-7701.

VERIFY YOUR TAX PREPARER

If you use a paid tax preparer in Maryland, other than a CPA, Enrolled Agent or attorney, make sure the preparer is registered with the Maryland Board of Individual Tax Preparers.

Check the REGISTRATION SEARCH on the Department of Labor, Licensing and Regulation Web site:
www.dllr.state.md.us/license/taxprep

Check the LICENSE SEARCH for CPAs on the Department of Labor, Licensing and Regulation Web site:
www.dllr.state.md.us/license/cpa/

Check the ACTIVE STATUS for attorneys on the Maryland Courts Web site:
www.courts.state.md.us/cpf/attylist.html

FILING ELECTRONICALLY



- **Go Green!** eFile saves paper. In addition, you will receive your refund faster; receive an acknowledgement that your return has been received; and, if you owe, you can extend your payment date until April 30th if you both eFile and make your payment electronically.
- **Security:** Your information is transmitted securely when you choose to file electronically. It is protected by several security measures, such as multiple firewalls, state-of-the-art threat detection and encrypted transmissions.
- **iFile:** Free Internet filing is available for Maryland income tax returns with no limitation. Visit www.marylandtaxes.com and click iFile for eligibility.
- **PC Retail Software:** Check the software requirements to determine eFile eligibility before you purchase commercial off-the-shelf software. Use software or link directly to a provider site to prepare and file your return electronically.
- **eFile:** Ask your professional tax preparer to eFile your return. You may use any tax professional who participates in the Maryland Electronic Filing Program.
- **IRS Free File:** Free Internet filing is available for federal income tax returns; some income limitations may apply. Visit www.irs.gov for eligibility. Fees for state tax returns also may apply; however, you may always return to www.marylandtaxes.com to use the free iFile Internet filing for Maryland income tax returns after using the IRS Free File for your federal return.

AVOID COMMON ERRORS

- **Social Security Number(s):** Enter each Social Security Number in the space provided at the top of your tax return. Also enter the Social Security Number for children and other dependents. The Social Security Number will be validated by the IRS before the return has completed processing.
- **Local Tax:** Use the correct local income tax rate, based on your county of residence on the last day of the tax year for where you lived on December 31, 2014, or the last day of the year for fiscal filers. See Instruction 19.
- **Original Return:** Please send only your original completed Maryland tax return. Photocopies can delay processing of your refund. If you filed electronically, do not send a paper return.
- **Federal Forms:** Do not send federal forms, schedules or copies of federal forms or schedules unless requested.
- **Photocopies:** Remember to keep copies of all federal forms and schedules and any other documents that may be required later to substantiate your Maryland return.
- **Ink:** Use only blue or black ink to complete your return. Do not use pencil.
- **Attachments:** Please make sure to send all wage statements such as W-2s, 1099s and K-1s. Ensure that the state tax withheld is readable on all forms. Ensure that the state income modifications and state tax credits are clearly shown on all K-1s.
- **Colored Paper:** Do not print the Maryland return on colored paper.
- **Bar Codes:** Do not staple or destroy the bar code.

PAYING YOUR TAXES

- **Direct Debit:** If you file electronically and have a balance due, you can have your income tax payment deducted directly from your bank account. This free service allows you to choose your payment date, anytime until April 30, 2015. Visit www.marylandtaxes.com for details.

- **Bill Pay Electronic Payments:** If your paper or electronic tax return has a balance due, you may pay electronically at www.marylandtaxes.com by selecting BillPay. The amount you designate will be debited from your bank or financial institution on the date that you choose.
- **Checks and Money Orders:** Make check or money order payable to Comptroller of Maryland. We recommend you include your Social Security Number on your check or money order.

ALTERNATIVE PAYMENT METHODS

For alternative methods of payment, such as a credit card, visit our Web site at www.marylandtaxes.com.

GET YOUR 1099-G ELECTRONICALLY

Go to our web site www.marylandtaxes.com to sign up to receive your 1099-G electronically. Once registered, you can download and print your 1099-G from our secure Web site www.marylandtaxes.com

PRIVACY ACT INFORMATION

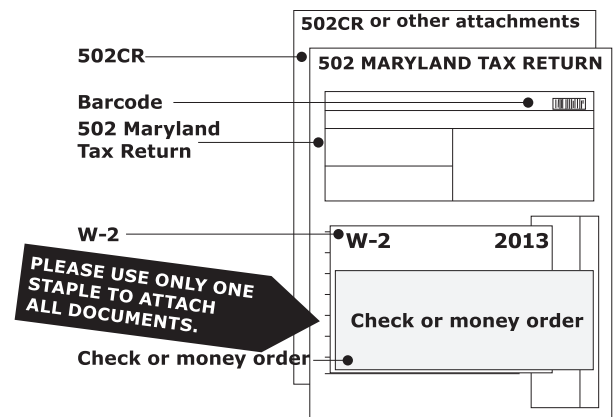
The Tax-General Article of the Annotated Code of Maryland authorizes the Revenue Administration Division to request information on tax returns to administer the income tax laws of Maryland, including determination and collection of correct taxes. Code Section 10-804 provides that you must include your Social Security Number on the return you file. This is so we know who you are and can process your return and papers.

If you fail to provide all or part of the requested information, exemptions, exclusions, credits, deductions or adjustments may be disallowed and you may owe more tax. In addition, the law provides penalties for failing to supply information required by law or regulations.

You may look at any records held by the Revenue Administration Division which contain personal information about you. You may inspect such records, and you have certain rights to amend or correct them.

As authorized by law, information furnished to the Revenue Administration Division may be given to the United States Internal Revenue Service, an authorized official of any state that exchanges tax information with Maryland and to an officer of this State having a right to the information in that officer's official capacity. The information may be obtained in accordance with a proper legislative or judicial order.

ASSEMBLING YOUR RETURN



WHAT YOU SHOULD SEND

- Your **original**, completed Maryland income tax return (Form 502) and Dependent Form 502B as applicable.
- Form 588 if you elect to have your refund direct deposited to more than one account.

- W-2(s)/1099(s) showing Maryland tax withheld.
- K-1s showing Maryland tax withheld and or Maryland tax credit.
- If you have a balance due, and if not filing and paying electronically, please include a check or money order payable to Comptroller of Maryland with your Social Security Number on the check or money order.
- Maryland schedules or other documents may be required according to the instructions if you claim certain credits or subtractions. These include: 500DM, 502CR, 502TP, 502UP, 502V, 502S and 502SU.
- A copy of the tax return you filed in the other state if you're claiming a tax credit on Form 502CR, Part A.

DO NOT SEND

- Photocopies of your Maryland return.
- Federal forms or schedules unless requested.
- **Any forms or statements not requested.**
- Returns by fax.
- Returns on colored paper.
- Returns completed in pencil.
- Returns with the bar code stapled or destroyed.

Consider using the paper tax forms in this booklet as your "working copy" then go to our Web site **www.marylandtaxes.com** and file your return electronically.

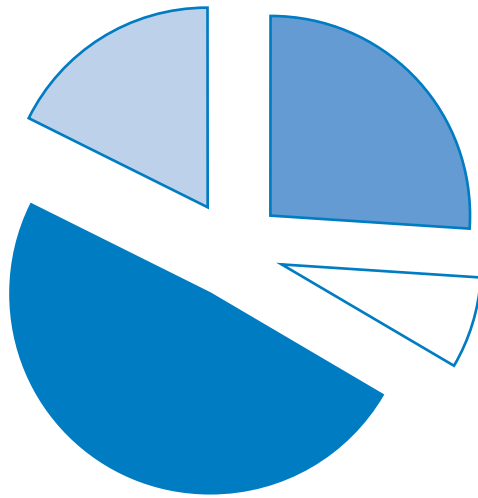
Why do 80% of Maryland Residents File Electronically?





- **Security** - The Comptroller of Maryland uses encryption technology to safeguard your information.
- **Faster Refunds** - Get your refund in as little as 3 business days.
- **It's Free** - You can file your return for free using iFile.
- **Flexible Payments** - File early and have until April 30th to pay.
- **Quick Receipt** - Get an acknowledgement that your return was received and accepted.
- **Go Green** - Reduce the amount of paper used.

SERVICES FOR INDIVIDUALS

- Bill Pay - Personal Taxes interactive.marylandtaxes.com/Individuals/Payment/
- iFile - Personal Taxes ifile.marylandtaxes.com/
- iFile - Estimated Taxes interactive.marylandtaxes.com/Individuals/iFile_ChooseForm/default.asp#list
- Estimated Tax Calculator for Tax Year 2014 . . . interactive.marylandtaxes.com/webapps/percentage/502for2014.asp
- Estimated Nonresident Tax Calculator. interactive.marylandtaxes.com/Extranet/Calculators/estimatednr/default.aspx
- Extension Request - Personal Tax. interactive.marylandtaxes.com/individuals/extension/default.asp
- Individual Payment Agreement Request interactive.marylandtaxes.com/extranet/compliance/payagr/
- Refund Status interactive.marylandtaxes.com/INDIV/refundstatus/home.aspx
- Refund Questions taxes.marylandtaxes.com/Individual_Taxes/Individual_Tax_Types/Income_Tax/Refund_Information/Questions_About_My_Refund.shtml
- Unclaimed Property Search interactive.marylandtaxes.com/individuals/unclaim/default.aspx
- Income Tax Interest Calculator taxes.marylandtaxes.com/Resource_Library/Online_Services/Interest_Calculator/IntCalc.shtml
- Appeals of Personal Income Tax Assessments and Refund Denials. interactive.marylandtaxes.com/extranet/compliance/harequest/default.aspx
- Sign-up for future electronic 1099-G interactive.marylandtaxes.com/Individuals/paperless/1099g/default.asp

State of Maryland General Fund Expenditures
(For Fiscal Year Ending June 30, 2013 - Expressed in Thousands)



	Health, Hospitals and Mental Hygiene	\$ 3,813,609	26.00%
	Public Safety and Correctional Services	\$ 1,087,114	7.40%
	Public Education	\$ 7,157,133	49.00%
	Other	\$ 2,584,166	17.60%
Total Revenues		\$14,642,022	100.00%

How to Maximize Your Maryland 529 Tax Benefits

Did you know that the College Savings Plans of Maryland are the only 529 plans that offer a State income deduction to Maryland taxpayers? Here's an example of how your family could maximize their State income deduction.



COLLEGE SAVINGS
PLANS OF MARYLAND
Save here. Go anywhere.®
CollegeSavingsMD.org



2 AVAILABLE PLANS:

- Maryland College Investment Plan (MCIP)
- Maryland Prepaid College Trust (MPCT)

Each family member who opens an account is eligible for income deductions →

Contribute to both plans to increase your income deductions →

Deduct up to \$2,500 for each account/beneficiary you hold in each plan. Deductions apply to Maryland taxable income for your contributions in that tax year. →



PLANS	ANNUAL ACCOUNT HOLDER CONTRIBUTIONS		
MCIP	\$2,500	\$2,500	\$2,500
MPCT	\$2,500	\$2,500	\$2,500
DEDUCTIONS	\$5,000	\$5,000	\$5,000

\$10,000 combined annual income deduction

Account Holders can deduct contributions regardless of their marital or tax filing status (individual or joint).

Visit CollegeSavingsMD.org for complete details.

Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in the College Savings Plans of Maryland. Also, if you or your beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its 529 plan. As with all State and Federal tax matters, please consult with your tax advisor.

Help your local community when you donate to the Chesapeake Bay and Endangered Species Fund!

Why donate?

When you donate to the *Chesapeake Bay and Endangered Species Fund*, you aren't just helping the Chesapeake Bay and the creatures who call it home. You are helping to plant trees, remove trash and get students learning outside of the classroom in your own community.

How can you participate?

1. Donate to the Bay Fund when you file your taxes.
2. Donations of any dollar amount can be made.
3. All donations are tax deductible.



If completing the paper form, please make your donation through Line 35.

Donations are split evenly between the nonprofit Chesapeake Bay Trust and the Wildlife and Heritage Division of the Department of Natural Resources. The Trust is a 4-Star charity for eleven years.



Want to find out how the Trust uses your donation? Visit www.cbtrust.org.



SUPPORT CHILDREN & ADULTS WITH DEVELOPMENTAL DISABILITIES

Right now the lives of thousands of children, youth and adults with developmental disabilities like autism, Down Syndrome and cerebral palsy are on hold. They are counting on concerned citizens like you to help the Developmental Disabilities Services and Support Fund provide:

- ◆ Services for children and families
- ◆ Job training and employment
- ◆ Community living opportunities
- ◆ Crisis Intervention



ELIMINATE THE WAIT— PLEASE DONATE!

Enter the amount you want to donate. Every dollar helps. Your gift will be deducted from your tax refund or added to your tax payment.

Use line 36 on form 502, Line 27 on Fiduciary Form 504 or line 40 on Non Resident Form 505

For more information, call the Maryland Department of Disabilities at 800-637-4113 or visit www.mdod.maryland.gov

Join the fight against cancer in Maryland!

Donations to the Maryland Cancer Fund will support cancer: Education, Screening, Prevention, Treatment.

It's easy:

1. Enter the amount you wish to donate on **Line 37**.
2. That amount will be deducted from your tax refund or added to your tax payment.
3. All donations are tax deductible.

For more information, call 410-767-6213

- *Note: Use Line 37 on Form 502
Use Line 28 on Form 504
Use Line 41 on Form 505



Maryland CANCER FUND

http://phpa.dhmf.maryland.gov/cancer/SitePages/mcf_home.aspx

DUE DATE

Your return is due by April 15, 2015. If you are a fiscal year taxpayer, see Instruction 25. If any due date falls on a Saturday, Sunday or legal holiday, the return must be filed by the next business day.

To speed up the processing of your tax refund, consider filing electronically. You must file within three years of the original due date to receive any refund. Visit our Web site at www.marylandtaxes.com.

COMPLETING THE RETURN

You must write legibly using blue or black ink when completing your return.

DO NOT use pencil or red ink. Submit the original return, not a photocopy. If no entry is needed for a specific line, leave blank. Do not enter words such as "none" or "zero" and do not draw a line to indicate no entry. Failure to follow these instructions may delay the processing of your return.

You may round off all cents to the nearest whole dollar. Fifty cents and above should be rounded to the next dollar. State calculations are rounded to the nearest penny.

ELECTRONIC FILING INSTRUCTIONS

The instructions in this booklet are designed specifically for filers of paper returns.

If you are filing electronically and these instructions differ from the instructions for the electronic method being used, you should comply with the instructions appropriate for that method.

Free internet filing is available for Maryland income tax returns. Visit www.marylandtaxes.com and select iFile.

Software vendors should refer to the e-file handbook for their instructions.

SUBSTITUTE FORMS

You may file your Maryland income tax return on a computer-prepared or computer-generated substitute form provided the form is approved in advance by the Revenue Administration Division. The fact that a software package is available for retail purchase does not guarantee that it has been approved for use.

For additional information or to see a list of Approved Software Vendors for Maryland Substitute Tax Forms, go to our Web site at www.marylandtaxes.com.

PENALTIES

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing a false or fraudulent return, or making a false certification. The penalties include criminal fines, imprisonment and a penalty on your taxes. In addition, interest is charged on amounts not paid.

To collect unpaid taxes, the Comptroller is directed to enter liens against the salary, wages or property of delinquent taxpayers.

MINIMUM FILING LEVELS TABLES

TABLE 1 MINIMUM FILING LEVELS FOR TAXPAYERS UNDER 65	TABLE 2 MINIMUM FILING LEVELS FOR TAXPAYERS 65 OR OVER
Single person (including dependent taxpayers) \$ 10,150	Single, age 65 or over \$ 11,700
Joint Return \$ 20,300	Joint Return, one spouse, age 65 or over \$ 21,500
Married persons filing separately. \$ 3,950	Joint Return, both spouses, age 65 or over \$ 22,700
Head of Household \$ 13,050	Married persons filing separately, age 65 or over . . . \$ 3,950
Qualifying widow(er) \$ 16,350	Head of Household, age 65 or over \$ 14,600
	Qualifying widow(er), age 65 or over. \$ 17,550

1 DO I HAVE TO FILE?

This booklet and forms are for residents of Maryland. In general, you must file a Maryland return if you are or were a resident of Maryland AND you are required to file a federal return. Information in this section will allow you to determine if you must file a return and pay taxes as a resident of Maryland. If you are not a resident but had Maryland tax withheld or had income from sources in Maryland, you must use Form 505 or 515, Nonresident Tax return.

WHO IS A RESIDENT?

You are a resident of Maryland if:

- a. Your permanent home is or was in Maryland (the law refers to this as your domicile).

OR

- b. Your permanent home is outside of Maryland, but you maintained a place of abode (a place to live) in Maryland for more than six months of the tax year. If this applies to you and you were physically present in the state for 183 days or more, you must file a full-year resident return.

PART-YEAR RESIDENTS

If you began or ended residence in Maryland during the tax year, you must file a Maryland resident income tax return. See Instruction 26.

MILITARY AND OTHERS WORKING OUTSIDE OF MARYLAND

Military and other individuals whose domicile is in Maryland, but who are stationed or work outside of Maryland, including overseas, retain their Maryland legal residence. Maryland residence is not lost because of duty assignments outside of the State; see Administrative Release 37. Military personnel and their spouses should see Instruction 29.

TO DETERMINE IF YOU ARE REQUIRED TO FILE A MARYLAND RETURN

- a. Add up all of your federal gross income to determine your total federal income. Gross income is defined in the Internal Revenue Code and, in general, consists of all income regardless of source. It includes wages and other compensation for services, gross income derived from business, gains (not losses) derived from dealings in property, interest, rents, royalties, dividends, alimony, annuities, pensions, income from partnerships or fiduciaries, etc. If modifications or deductions reduce your gross income below the minimum filing level, you are still required to file. IRS Publication 525 provides additional information on taxable and nontaxable income.
- b. Do not include Social Security or railroad retirement benefits in your total federal income.
- c. Add to your total federal income any Maryland additions to income. Do not include any additions related to periods of nonresidence. See Instruction 12. **This is your Maryland gross income.**

- d. If you are a dependent taxpayer, add to your total federal income any Maryland additions and subtract any Maryland subtractions. See Instructions 12 and 13. **This is your Maryland gross income.**
- e. You must file a Maryland return if your Maryland gross income equals or exceeds the income levels in the MINIMUM FILING LEVEL TABLE 1.
- f. If you or your spouse is 65 or over, use the MINIMUM FILING LEVEL TABLE 2.

IF YOU ARE NOT REQUIRED TO FILE A MARYLAND RETURN BUT HAD MARYLAND TAXES WITHHELD

To get a refund of Maryland income taxes withheld, you must file a Maryland return.

Taxpayers who are filing for refund only should complete all of the information at the top of Form 502 and the following lines:

- 1-16
- 23*, 30*
- 35-43
- 45, 47

*Enter a zero unless you claim an earned income credit on your federal return.


Sign the form and attach withholding statements (all W-2 and 1099 forms) showing Maryland and local tax withheld equal to the withholding you are claiming. Your form is then complete.

2 USE OF FEDERAL RETURN.

First complete your 2014 federal income tax return.

You will need information from your federal return to complete your Maryland return. Complete your federal return before you continue beyond this point. Maryland law requires that your income and deductions be entered on your Maryland return exactly as they were reported on your federal return. If you use federal Form 1040NR, visit our Web page at <http://www.marylandtaxes.com/QR/19.asp> for further information. All items reported on your Maryland return are subject to verification, audit and revision by the Maryland State Comptroller’s Office.

3 FORM 502.

 **Form 503 is no longer available.**
All taxpayers must use Form 502.

Note: You must file Form 502 electronically if you are claiming **business income tax credits** on Form 500CR.

4 NAME AND ADDRESS.

Print using blue or black ink.

Enter your name exactly as entered on your federal tax return. If you changed your name because of marriage, divorce, etc., be sure to report the change to the Social Security Administration before filing your return. This will prevent delays in the processing of your return.

Enter your current address using the spaces provided. If using a foreign address enter the city or town and state or province in the “City or Town” box. Enter the name of the country in the “State” box. Enter the postal code in the “ZIP code” box.

5 SOCIAL SECURITY NUMBER(S) (SSN).

It is important that you enter each Social Security Number in the space provided. You must enter each SSN legibly because we validate each number. If not correct and legible, it will affect the processing of your return.

The Social Security Number(s) (SSN) must be a valid number issued by the Social Security Administration of the United States

Government. If you or your spouse or dependent(s) do not have a SSN and you are not eligible to get a SSN, **you must apply for an Individual Tax Identification Number (ITIN) with the IRS and you should wait until you have received it before you file; and enter it wherever your SSN is requested on the return.**

A missing or incorrect SSN or ITIN could result in the disallowance of any credits or exemptions you may be entitled to and result in a balance due.

A valid SSN or ITIN is required for any claim or exemption for a dependent. If you have a dependent who was placed with you for legal adoption and you do not know his or her SSN, you must get an Adoption Taxpayer Identification Number (ATIN) for the dependent from the IRS.

If your child was born and died in this tax year and you do not have a SSN for the child, complete just the name and relationship of the dependent and enter code **322**, in one of the code number boxes located to the right of the telephone number area on page 2 of the form; attach a copy of the child’s death certificate to your return.

6 COUNTY, CITY, TOWN INFORMATION.

Fill in the boxes for MARYLAND COUNTY and CITY, TOWN or TAXING AREA based on your residence on the last day of the tax period:

BALTIMORE CITY RESIDENTS:

Leave the MARYLAND COUNTY box blank.

Write “Baltimore City” in the CITY, TOWN OR TAXING AREA box.

RESIDENTS OF MARYLAND COUNTIES (NOT BALTIMORE CITY):

1. Write the name of your county in the MARYLAND COUNTY box.
2. Find your county in the list of INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND.
3. If you lived within the incorporated tax boundaries of one of the areas listed under your county, write the name in the CITY, TOWN OR TAXING AREA box.
4. If you did not live in one of the areas listed for your county, leave the CITY, TOWN OR TAXING AREA box blank.

7 FILING STATUS.

Use the FILING STATUS chart to determine your filing status. Check the correct FILING STATUS box on the return.

8 SPECIAL INSTRUCTIONS FOR MARRIED PERSONS FILING SEPARATELY.

If you and your spouse file a joint federal return but are filing separate Maryland returns according to Instruction 7, follow the instructions below.

If you and your spouse file a joint federal return but are filing separate Maryland returns according to Instruction 7, you should report the income you would have reported had you filed a separate federal return. The income from jointly held securities, property, etc., must be divided evenly between spouses.

If you itemized your deductions on the joint federal return, one spouse may use the standard deduction and the other spouse may claim those deductions on the federal return that are “attributable exclusively” to that spouse, plus a prorated amount of the remaining deductions. If it is not possible to determine these deductions, the deduction must be allocated proportionately based on your share of the income.

“Attributable exclusively” means that the individual is solely responsible for the payment of an expense claimed as an itemized deduction, including compliance with a valid court order or separation agreement; or the individual jointly responsible

for the payment of an expense claimed as an itemized deduction can demonstrate payment of the full amount of the deduction with funds that are not attributable in whole or in part, to the other jointly responsible individual.

If both spouses choose to itemize on their separate Maryland returns, then each spouse must determine which deductions are attributable exclusively to him or her and prorate the remaining deductions using the Maryland Income Factor. See Instruction 26(k). If it is not possible to determine deductions in this manner, they must be allocated proportionately based on their respective shares of the income. The total amount of itemized deductions for both spouses cannot exceed the itemized deductions on the federal return.

If you choose to use the standard deduction method, use STANDARD DEDUCTION WORKSHEET (16A) in Instruction 16. Each spouse must claim his or her own personal exemption. Each spouse may allocate the dependent exemptions in any manner they choose. The total number of exemptions claimed on the separate returns may not exceed the total number of exemptions claimed on the federal return except for the additional exemptions for being 65 or over or blind.

Complete the remainder of the form using the instructions for each line. Each spouse should claim his or her own withholding and other credits. Joint estimated tax paid may be divided between the spouses in any manner provided the total claimed does not exceed the total estimated tax paid.

LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND

ALLEGANY COUNTY BARTON BELAIR BOWLING GREEN-ROBERT'S PLACE CRESAPTOWN CUMBERLAND ELLERSLIE FROSTBURG LAVALE LONACONING LUKE MCCOOLE MIDLAND MT. SAVAGE POTOMAC PARK ADDITION WESTERNPORT	GREENSBORO HENDERSON HILLSBORO MARYDEL PRESTON RIDGELY TEMPLEVILLE	ELDORADO GALESTOWN HURLOCK SECRETARY VIENNA	KENT COUNTY BETTERTON CHESTERTOWN GALENA MILLINGTON ROCK HALL	BRENTWOOD CAPITOL HEIGHTS CHEVERLY COLLEGE PARK COLMAR MANOR COTTAGE CITY DISTRICT HEIGHTS EAGLE HARBOR EDMONSTON FAIRMOUNT HEIGHTS FOREST HEIGHTS GLENARDEN GREENBELT HYATTSVILLE LANDOVER HILLS LAUREL MORNINGSIDE MT. RAINIER NEW CARROLLTON NORTH BRENTWOOD RIVERDALE PARK SEAT PLEASANT UNIVERSITY PARK UPPER MARLBORO	SOMERSET COUNTY CRISFIELD PRINCESS ANNE
ANNE ARUNDEL COUNTY ANNAPOLIS HIGHLAND BEACH	CARROLL COUNTY HAMPSTEAD MANCHESTER MT. AIRY NEW WINDSOR SYKESVILLE TANEYTOWN UNION BRIDGE WESTMINSTER	FREDERICK COUNTY BRUNSWICK BURKITTSVILLE EMMITSBURG FREDERICK MIDDLETOWN MT. AIRY MYERSVILLE NEW MARKET ROSEMONT THURMONT WALKERSVILLE WOODSBORO	MONTGOMERY COUNTY BARNESVILLE BROOKEVILLE CHEVY CHASE SEC. 3 TOWN OF CHEVY CHASE (FORMERLY SEC. 4) CHEVY CHASE SEC. 5 CHEVY CHASE VIEW CHEVY CHASE VILLAGE DRUMMOND FRIENDSHIP HEIGHTS GAITHERSBURG GARRETT PARK GLEN ECHO KENSINGTON LAYTONSVILLE MARTIN'S ADDITION NORTH CHEVY CHASE OAKMONT POOLESVILLE ROCKVILLE SOMERSET TAKOMA PARK WASHINGTON GROVE	WASHINGTON COUNTY BOONSBORO CLEARSPRING FUNKSTOWN HAGERSTOWN HANCOCK KEEDYSVILLE SHARPSBURG SMITHSBURG WILLIAMSPORT	TALBOT COUNTY EASTON OXFORD QUEEN ANNE ST. MICHAELS TRAPPE
BALTIMORE COUNTY NO INCORPORATED CITIES OR TOWNS	CECIL COUNTY CECILTON CHARLESTOWN CHESAPEAKE CITY ELKTON NORTH EAST PERRYVILLE PORT DEPOSIT RISING SUN	GARRETT COUNTY ACCIDENT DEER PARK FRIENDSVILLE GRANTSVILLE KITZMILLER LOCH LYNN HEIGHTS MOUNTAIN LAKE PARK OAKLAND	PRINCE GEORGE'S COUNTY BERWYN HEIGHTS BLADENSBURG BOWIE	QUEEN ANNE'S COUNTY BARCLAY CENTREVILLE CHURCH HILL MILLINGTON QUEEN ANNE QUEENSTOWN SUDLERSVILLE TEMPLEVILLE	WICOMICO COUNTY DELMAR FRUITLAND HEBRON MARDELA SPRINGS PITTSVILLE SALISBURY SHARPTOWN WILLARDS
BALTIMORE CITY	CHARLES COUNTY INDIAN HEAD LA PLATA PORT TOBACCO	HARFORD COUNTY ABERDEEN BEL AIR HAVRE DE GRACE			
CALVERT COUNTY CHESAPEAKE BEACH NORTH BEACH	DORCHESTER COUNTY BROOKVIEW CAMBRIDGE CHURCH CREEK EAST NEW MARKET	HOWARD COUNTY NO INCORPORATED CITIES OR TOWNS			
CAROLINE COUNTY DENTON FEDERALSBURG GOLDSBORO				ST. MARY'S COUNTY LEONARDTOWN	WORCESTER COUNTY BERLIN OCEAN CITY POCOMOKE CITY SNOW HILL

FILING STATUS

	If you are:	Check the box for:	Additional Information
SINGLE PERSON (Single on the last day of the tax year.)	Any person who can be claimed as a dependent on his or her parent's (or any other person's) federal return	Dependent taxpayer Filing Status 6	Single Dependent taxpayers, regardless of whether income is earned or unearned, are not required to file a Maryland income tax return unless the gross income including Maryland additions and subtractions is \$10,150 or more. See Instruction 1 if you are due a refund. You do not get an exemption for yourself. Put a zero in Exemption Box A.
	Any person who filed as a head of household on his or her federal return	Head of household Filing Status 4	
	A qualifying widow(er) with dependent child who filed a federal return with this status	Qualifying widow(er) with dependent child Filing Status 5	
	All other single persons	Single Filing Status 1	If your spouse died during the year AND you filed a joint federal return with your deceased spouse, you may still file a joint Maryland return.
MARRIED PERSONS (Married on the last day of the tax year.)	Any person who can be claimed as a dependent on his or her parent's (or any other person's) federal return	Dependent taxpayer Filing Status 6	You do not get an exemption for yourself. Put a zero in Exemption Box A. You and your spouse must file separate returns.
	Any person who filed as a head of household on his or her federal return	Head of household Filing Status 4	
	Married couples who filed separate federal returns	Married filing separately Filing Status 3	Each taxpayer must show his or her spouse's Social Security Number in the blank next to the filing status box.
	Married couples who filed joint federal returns but had different tax periods	Joint return Filing Status 2 or Married filing separately Filing Status 3	If you are not certain which filing status to use, figure your tax both ways to determine which status is best for you. See Instructions 8 and 26(g) through (p).
	Married couples who filed joint federal returns but were domiciled in different counties, cities, towns or taxing areas on the last day of the year	Joint return Filing Status 2 or Married filing separately Filing Status 3	If you are filing separately, see Instruction 8. If you are filing a joint return see SPECIAL NOTE in Instruction 19.
	Married couples who filed joint federal returns but were domiciled in different states on the last day of the year		If you are filing separately, see Instruction 8. If you are filing a joint return, you must attach a pro forma Form 505 and 505NR. See Administrative Releases 1 & 3.
All other married couples who filed joint federal returns	Joint return Filing Status 2		

9 PART-YEAR RESIDENTS.

If you began or ended legal residence in Maryland in 2014 go to Instruction 26.

Military taxpayers. If you have non-Maryland military income, see Administrative Release 1.

10 EXEMPTIONS.

Determine what exemptions you are entitled to and complete the EXEMPTIONS area on Form 502. Form 502B must be completed and attached to Form 502 if you are claiming one or more dependents.

EXEMPTIONS ALLOWED

You are permitted the same **number** of exemptions which you are permitted on your federal return; however, the exemption amount is different on the Maryland return. Even if you are not required to file a federal return, the federal rules for exemptions still apply to you. Refer to the federal income tax instructions for further information.

In addition to the exemptions allowed on your federal return, you and your spouse are permitted to claim exemptions for being age 65 or over or for blindness. These additional exemptions are in the amount of \$1,000 each. If any other dependent claimed is 65 or over, you also receive an extra exemption of up to \$3,200. Make sure you check both boxes (4) and (5) of the Dependent Form 502B for each of your dependents who are age 65 or over.

Enter the number of exemptions in the appropriate boxes based upon your entries in parts A, B, and C of the exemption area of the form. Enter the total number of exemptions in Part D. **The number of exemptions for Part C is from Total Dependent Exemptions, Line 3 of Form 502B.**

PART-YEAR RESIDENTS AND MILITARY

You must prorate your exemptions based on the percentage of your income subject to Maryland tax. See Instruction 26 and Administrative Release 1.

11 INCOME.

Line 1. Copy the figure for federal adjusted gross income from your federal return onto line 1 of Form 502.

Line 1a. Copy the total of your wages, salaries and tips from your federal return onto line 1a of Form 502. Use the chart below to find the figures that you need. If you and your spouse file a joint federal return but are filing separate Maryland returns, see Instruction 8.

To Maryland Form	From Federal Form		
	502	1040	1040A	1040EZ
line 1	line 37	line 21	line 4
line 1a	line 7	line 7	line 1
line 1b	See below.	line 7	line 1

Line 1b. If you are claiming a federal earned income credit (EIC), or poverty level credit (PLC), enter the earned income you used to calculate your credit. Earned income includes wages, salaries, tips, professional fees and other compensation received for personal services you performed. It also includes any amount received as a scholarship that you included in your federal AGI.



Line 1c. Enter on line 1c the amount of capital gains and losses reported as income on line 13 on your federal Form 1040.



Line 1d. Enter on line 1d the total amount of pension, IRA, and annuities reported as income on lines 15b and 16b of your federal Form 1040, or lines 11b and 12b of your federal Form 1040A.



Line 1e. Check the box if the amount of your investment income is more than \$3,350. You DO NOT qualify for the earned income tax credit.

12 ADDITIONS TO INCOME.

Determine which additions to income apply to you. Write the correct amounts on lines 2-5 of Form 502. Instructions for each line:

Line 2. TAX EXEMPT STATE OR LOCAL BOND INTEREST. Enter the interest from **non-Maryland** state or local bonds or other obligations (less related expenses). This includes interest from mutual funds that invest in **non-Maryland** state or local obligations. Interest earned on obligations of Maryland or any Maryland subdivision is exempt from Maryland tax and should not be entered on this line.

Line 3. STATE RETIREMENT PICKUP. Pickup contributions of a State retirement or pension system member. The pickup amount will be stated separately on your W-2 form. The tax on this portion of your wages is deferred for federal but not for state purposes.

Line 4. LUMP SUM DISTRIBUTION FROM A QUALIFIED RETIREMENT PLAN. If you received such a distribution, you will receive a Form 1099R showing the amounts distributed. You must report part of the lump sum distribution as an addition to income if you file federal Form 4972.

Use the LUMP SUM DISTRIBUTION WORKSHEET (12A) to determine the amount of your addition.

EXEMPTION AMOUNT CHART

The personal exemption is \$3,200. This exemption is reduced once the taxpayer's federal adjusted gross income exceeds \$100,000 (\$150,000 if filing Joint, Head of Household, or Qualifying Widow(er) with Dependent Child). This reduction applies to the additional dependency exemptions as well; however it does not apply to the taxpayer's age or blindness exemption of \$1,000. Use the chart to determine the allowable exemption amount based upon the filing status. **NOTE:** For certain taxpayers with interest from U.S. obligations see Instruction 13, line 13, code hh for applicable exemption adjustment.

If Your federal AGI is	Single or Married Filing Separately	Joint, Head of Household or Qualifying Widow(er)	Dependent Taxpayer (eligible to be claimed on another taxpayer's return)
	Each Exemption is	Each Exemption is	Each Exemption is
\$100,000 or less	\$3,200	\$3,200	\$0
Over	But not over		
\$100,000	\$125,000	\$1,600	\$3,200
\$125,000	\$150,000	\$800	\$3,200
\$150,000	\$175,000	\$0	\$1,600
\$175,000	\$200,000	\$0	\$800
In excess of \$200,000		\$0	\$0

Total the exemption amount on the front of Form 502 to determine the total exemption allowance to subtract on line 19 of Form 502.

LUMP SUM DISTRIBUTION WORKSHEET (12A)

1. Ordinary income portion of distribution from Form 1099R reported on federal Form 4972 (taxable amount less capital gain amount) \$ _____
2. 40% of capital gain portion of distribution from Form 1099R \$ _____
3. Add lines 1 and 2. \$ _____
4. Enter minimum distribution allowance from Form 4972 \$ _____
5. Subtract line 4 from line 3. This is your addition to income for your lump sum distribution. Enter on Form 502, line 4. If this amount is less than zero, enter zero \$ _____

Note: If you were able to deduct the death benefit exclusion on Form 4972, allocate that exclusion between the ordinary and capital gain portions of your distribution in the same ratio before completing this schedule.

Line 5. OTHER ADDITIONS TO INCOME. If one or more of these apply to you, enter the total amount on line 5 and identify each item using the code letter:

▼ CODE LETTER

- a. Part-year residents: losses or adjustments to federal income that were realized or paid when you were a nonresident of Maryland.
- b. Net additions to income from pass-through entities not attributable to decoupling.
- c. Net additions to income from a trust as reported by the fiduciary.
- d. S corporation taxes included on line 8 of Maryland Form 502CR, Part A, Tax Credits for Income Taxes Paid to Other States. (See instructions for Part A of Form 502CR.)
- e. Total amount of credit(s) claimed in the current tax year to the extent allowed on Form 500CR for the following Business Tax Credits: Enterprise Zone Tax Credit, Maryland Disability Employment Tax Credit, Small Business Research & Development Tax Credit, Maryland Employer Security Clearance Costs Tax Credit (do not include Small Business First-Year Leasing Costs Tax Credit), and Cellulosic Ethanol Technology Research and Development Tax Credit. Also, the amount of carryover claimed in the current tax year for the expired Maryland Employment Opportunity Tax Credit is added to income.
- f. Oil percentage depletion allowance claimed under IRC Section 613.
- g. Income exempt from federal tax by federal law or treaty that is not exempt from Maryland tax.
- h. Net operating loss deduction to the extent of a double benefit. See Administrative Release 18 at www.marylandtaxes.com.
- i. Taxable tax preference items from line 5 of Maryland Form 502TP. The items of tax preference are defined in IRC Section 57. If the **total** of your tax preference items is more than \$10,000 (\$20,000 for married taxpayers filing joint returns) you must complete and attach Maryland Form 502TP, whether or not you are required to file federal Form 6251 (Alternative Minimum Tax) with your federal Form 1040.
- j. Amount deducted for federal income tax purposes for expenses attributable to operating a family day care home or a child care center in Maryland without having the registration or license required by the Family Law Article.
- k. Any refunds of advanced tuition payments made under the Maryland Prepaid College Trust, to the extent the payments were subtracted from federal adjusted gross income and were not used for qualified higher education expenses, and any refunds of contributions made under the Maryland College Investment Plan or the Maryland Broker-Dealer College Investment Plan, to the extent the contributions were subtracted from federal adjusted gross income and

were not used for qualified higher education expenses. See Administrative Release 32.

- l. Net addition modification to Maryland taxable income when claiming the federal depreciation allowances from which the State of Maryland has decoupled. Complete and attach Form 500DM. See Administrative Release 38.
- m. Net addition modification to Maryland taxable income when the federal special 5-year carryback period was used for a net operating loss under federal law compared to Maryland taxable income without regard to federal provisions. Complete and attach Form 500DM. See Administrative Release 38.
- n. Amount deducted on your federal income tax return for domestic production activities (line 35 of Form 1040).
- o. Amount deducted on your federal income tax return for tuition and related expenses. Do not include adjustments to income for Educator Expenses or Student Loan Interest deduction.
- cd. Net addition modification to Maryland taxable income resulting from the federal deferral of income arising from business indebtedness discharged by reacquisition of a debt instrument. See Form 500DM and Administrative Release 38.
- dm. Net addition modification from multiple decoupling provisions. See the table at the bottom of Form 500DM for the line numbers and code letters to use.
- dp. Net addition decoupling modification from a pass-through entity. See Form 500DM.

13 SUBTRACTIONS FROM INCOME.

Determine which subtractions from income apply to you. Write the correct amounts on lines 8–14 of Form 502. Instructions for each line:

Line 8. STATE TAX REFUNDS. Copy onto line 8 the amount of refunds of state or local income tax included in line 1 of Form 502.

Line 9. CHILD CARE EXPENSES. You may subtract the cost of caring for your dependents while you work. There is a limitation of \$3,000 (\$6,000 if two or more dependents receive care). Copy onto line 9 the amount from line 6 of federal Form 2441. You may also be entitled to a credit for these taxable expenses. See instructions for Part B of Form 502CR.

Line 10. PENSION EXCLUSION. You may be able to subtract some of your taxable pension and retirement annuity income. This subtraction applies only if:

- a. You were 65 or over **or** totally disabled, or your spouse was totally disabled, on the last day of the tax year, **AND**
- b. You included on your federal return taxable income received as a pension, annuity or endowment from an "employee retirement system" qualified under Sections 401(a), 403 or 457(b) of the Internal Revenue Code. [A traditional IRA, a Roth IRA, a simplified employee plan (SEP), a Keogh plan, an ineligible deferred compensation plan or foreign retirement income does not qualify.]

Each spouse who receives taxable pension or annuity income and is 65 or over or totally disabled may be entitled to this exclusion. In addition, if you receive taxable pension or annuity income but you are not 65 or totally disabled, you may be entitled to this exclusion if your spouse is totally disabled. Complete a separate column in the PENSION EXCLUSION COMPUTATION WORKSHEET (13A) for each spouse. Combine your allowable exclusion and enter the total amount on line 10, Form 502.

To be considered totally disabled, you must have a mental or physical impairment which prevents you from engaging in substantial gainful activity. You must expect the impairment to be of long, continued or indefinite duration or to result in your death. You must attach to your return a certification from a qualified physician stating the nature of your impairment and that you are totally disabled. If you have previously submitted

a physician's certification, attach your own statement that you are still totally disabled and that a physician's certification was submitted before.

If you are a part-year resident, complete PENSION EXCLUSION COMPUTATION WORKSHEET (13A) using total taxable pension and total Social Security and railroad retirement benefits as if you were a full-year resident. Prorate the amount on line 5 by the number of months of Maryland residence divided by 12.

However, if you began to receive your pension during the tax year you became a Maryland resident, use a proration factor of the number of months you were a resident divided by the number of months the pension was received.

For example, Pat Taxpayer moved to Maryland on March 1. If he started to receive his pension on March 1, he would prorate the pension exclusion by 10/10, which would mean he would be entitled to the full pension exclusion. However, if he began to receive his pension on February 1, Pat would prorate his pension by 10/11. Please note that, in either case, the proration factor may not exceed 1.

Complete the PENSION EXCLUSION COMPUTATION WORKSHEET (13A). Copy the amount from line 5 of the worksheet onto line 10 of Form 502.

Line 11. FEDERALLY TAXED SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS. If you included in your federal adjusted gross income Social Security, Tier I, Tier II and/or supplemental railroad retirement benefits, then you must include the total amount of such benefits on line 11. Social Security and railroad retirement benefits are exempt from state tax.

Line 12. NONRESIDENT INCOME. If you began or ended your residence in Maryland during the year, you may subtract the portion of your income received when you were not a resident of Maryland. See Instruction 26 for part-year residents and Administrative Release 1 for military personnel.

If your state of residence or your period of Maryland residence was not the same as that of your spouse and you filed a joint return, follow Instruction 26 (c) through (p).

Line 13. SUBTRACTIONS FROM INCOME ON FORM 502SU. Other certain subtractions for which you may qualify will be

reported on Form 502SU. Determine which subtractions apply to you and enter the amount for each on Form 502SU. Enter the sum of all applicable subtractions from Form 502SU on line 13 of Form 502, and enter the code letters that represent the four highest dollar amounts in the code letter boxes. If multiple subtractions apply, be sure to identify all of them on Form 502SU and attach it to your Form 502.

Note: If only one of these subtractions applies to you, enter the amount and the code letter on line 13 of Form 502; then the use of Form 502SU may be optional.

▼ CODE LETTER

- a. Payments from a pension system to firemen and policemen for job related injuries or disabilities (but not more than the amount of such payments included in your total income).
- b. Net allowable subtractions from income from pass-through entities, not attributable to decoupling.
- c. Net subtractions from income reported by a fiduciary.
- d. Distributions of accumulated income by a fiduciary, if income tax has been paid by the fiduciary to the State (but not more than the amount of such income included in your total income).
- e. Profit (without regard to losses) from the sale or exchange of bonds issued by the State or local governments of Maryland.
- f. Benefits received from a Keogh plan on which State income tax was paid prior to 1967. Attach statement.
- g. Amount of wages and salaries disallowed as a deduction due to the work opportunity credit allowed under the Internal Revenue Code Section 51.
- h. Expenses up to \$5,000 incurred by a blind person for a reader, or up to \$1,000 incurred by an employer for a reader for a blind employee.
- i. Expenses incurred for reforestation or timber stand improvement of commercial forest land. Qualifications and instructions are on Form DNR393, available from the Department of Natural Resources, telephone 410-260-8531.
- j. Amount added to taxable income for the use of an official vehicle by a member of a state, county or local police or fire

PENSION EXCLUSION COMPUTATION WORKSHEET (13A)

Review carefully the age and disability requirements in the instructions before completing this worksheet.		
	You	Spouse
1. Net taxable pension and retirement annuity included in your federal adjusted gross income (Do not include Social Security or Railroad Retirement).		
2. Maximum allowable exclusion.	\$29,000	\$29,000
3. Total benefits you received from Social Security and/or Railroad Retirement (Tier I and Tier II)		
4. Tentative exclusion (Subtract line 3 from line 2.) (If less than 0, enter 0.)		
5. Pension Exclusion (Enter the smaller of line 1 or 4 here and on line 10, Form 502.) If you and your spouse both qualify for the pension exclusion, combine your allowable exclusions and enter the total amount on line 10, Form 502.		

SPECIFIC INSTRUCTIONS

NOTE: When both you and your spouse qualify for the pension exclusion, a separate column must be completed for each spouse.

Line 1. Enter your net taxable pension and retirement annuity included in your federal adjusted gross income. **Do not include any amount subtracted for military retirement income. See code letter u in Instruction 13. Do not include Social Security and/or Railroad Retirement income on this line.**

Line 2. The maximum allowable exclusion is \$29,000.

Line 3. Enter your total Social Security and/or Railroad Retirement benefits. Include all Social Security and/or Railroad Retirement benefits whether or not you included any portion of these amounts in your federal adjusted gross income. Include both Tier I and Tier II Railroad Retirement benefits. If you are filing a joint return and both spouses received Social Security and/or Railroad Retirement benefits but only one spouse received a pension, enter only the Social Security and/or Railroad Retirement benefits of the spouse receiving the pension on the worksheet.

Line 4. Subtract line 3 from line 2 to determine your tentative exclusion.

Line 5. Your pension exclusion is the smaller of your net taxable pension (line 1) or the tentative exclusion (line 4). Enter the smaller amount on this line.

department. The amount is stated separately on your W-2 form.

- k. Up to \$6,000 in expenses incurred by parents to adopt a child with special needs through a public or nonprofit adoption agency and up to \$5,000 in expenses incurred by parents to adopt a child without special needs.
- l. Purchase and installation costs of certain enhanced agricultural management equipment as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- m. Deductible artist's contribution. Attach Maryland Form 502AC.
- n. Payment received under a fire, rescue, or ambulance personnel length of service award program that is funded by any county or municipal corporation of the State.
- o. Value of farm products you donated to a gleaning cooperative as certified by the Maryland Department of Agriculture. Attach a copy of the certification.
- p. Up to \$15,000 of military pay included in your federal adjusted gross income that you received while in the active service of any branch of the armed forces and which is attributable to service outside the boundaries of the U.S. or its possessions. To compute the subtraction, follow the directions on the MILITARY OVERSEAS INCOME WORKSHEET (13B). If your total military pay exceeds \$30,000, you do not qualify for the subtraction.

p. MILITARY OVERSEAS INCOME WORKSHEET (13B)

When both you and your spouse qualify for this military subtraction, complete separate computations for each spouse.

1. ENTER the amount of military pay included in your federal adjusted gross income attributable to service outside the U.S.
If greater than \$15,000, enter \$15,000 \$ _____

2. ENTER total military pay received during the tax year \$ _____

3. Maximum subtraction \$ **15,000**

4. SUBTRACT the amount on line 3 from line 2.
If this amount is less than zero (0), enter zero (0) \$ _____

5. SUBTRACT line 4 from line 1. This is your subtraction from income. If the amount is zero (0) or less, you are not eligible for this subtraction. INCLUDE this amount on line p of Form 502SU. \$ _____

- q. Unreimbursed vehicle travel expenses for:
 - 1. A volunteer fire company;
 - 2. Service as a volunteer for a charitable organization whose principal purpose is to provide medical, health or nutritional care; AND
 - 3. Assistance (other than providing transportation to and from the school) for handicapped students at a Maryland community college. Attach Maryland Form 502V.
- r. Amount of pickup contribution shown on Form 1099R from the state retirement or pension systems included in federal adjusted gross income. The subtraction is limited to the amount of pickup contribution stated on the 1099R or the taxable pension, whichever is less. Any amount not allowed to be claimed on the current year return may be carried forward to the next year until the full amount of the State pickup contribution has been claimed.
- s. Amount of interest and dividend income (including capital gain distributions) of a dependent child which the parent has elected to include in the parent's federal gross income under Internal Revenue Code Section 1(g)(7).
- t. Payments received from the State of Maryland under Title 12 Subtitle 2 of the Real Property Article (relocation and

assistance payments).

- u. Up to \$5,000 of military retirement income received by a qualifying individual during the tax year. To qualify, you must have been a member of an active or reserve component of the armed forces of the United States, an active duty member of the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, or the Coast and Geodetic Survey, a member of the Maryland National Guard, or the member's surviving spouse or spouse.
- v. The Honorable Louis L. Goldstein Volunteer Police, Fire, Rescue and Emergency Medical Services Personnel Subtraction Modification Program. \$3,750 for each taxpayer who is a qualifying volunteer as certified by a Maryland fire, police, rescue or emergency medical services organization. \$3,750 for each taxpayer who is a qualifying member of the U.S. Coast Guard Auxiliary or Maryland Defense Force as certified by these organizations. Attach a copy of the certification.
- w. Up to \$1,500 of unreimbursed expenses that a foster parent incurs on behalf of a foster child. The foster parent must be approved by a local department to provide 24-hour care for a foster child in the house where the foster parent resides. A treatment foster parent licensed by a child placement agency may not claim the subtraction modification. Foster parent includes a kinship parent. The expenses must be approved as necessary by the local department of social services or the Montgomery County Department of Health and Human Services and may not include an expense for which the foster parent receives an allowance or reimbursement from any public or private agency.
- xa. Up to \$2,500 per contract purchased for advanced tuition payments made to the Maryland Prepaid College Trust. See Administrative Release 32.
- xb. Up to \$2,500 per account holder per beneficiary of the total of all amounts contributed to investment accounts under the Maryland College Investment Plan and Maryland Broker-Dealer College Investment Plan. See Administrative Release 32.
- y. Any income of an individual that is related to tangible or intangible property that was seized, misappropriated or lost as a result of the actions or policies of Nazi Germany towards a Holocaust victim. For additional information, contact the Revenue Administration Division.
- z. Expenses incurred to buy and install handrails in an existing elevator in a health care facility (as defined in Section 19-114 of the Health General Article) or other building in which at least 50% of the space is used for medical purposes.
- aa. Payments from a pension system to the surviving spouse or other beneficiary of a law enforcement officer or firefighter whose death arises out of or in the course of their employment.
- ab. Income from U.S. Government obligations. Enter interest on U.S. Savings Bonds and other U.S. obligations. Capital gains from the sale or exchange of U.S. obligations should be included on this line. Dividends from mutual funds that invest in U.S. Government obligations also are exempt from state taxation. However, only that portion of the dividends attributable to interest or capital gain from U.S. Government obligations can be subtracted. You cannot subtract income from Government National Mortgage Association securities. See Administrative Releases 10 and 13.
- bb. Net subtraction modification to Maryland taxable income when claiming the federal depreciation allowances from which the State of Maryland has decoupled. Complete and attach Form 500DM. See Administrative Release 38.
- cc. Net subtraction modification to Maryland taxable income when the federal special 5-year carryback period was used for a net operating loss under federal law compared to Maryland taxable income without regard to federal



provisions. Complete and attach Form 500DM. See Administrative Release 38.

- cd. Net subtraction modification to Maryland taxable income resulting from the federal ratable inclusion of deferred income arising from business indebtedness discharged by reacquisition of a debt instrument. Complete and attach Form 500DM. See Administrative Release 38.
- dd. Income derived within an arts and entertainment district by a qualifying residing artist from the publication, production, or sale of an artistic work that the artist created, wrote, composed or executed. Complete and attach Form 502AE.
- dm. Net subtraction modification from multiple decoupling provisions. See the table at the bottom of Form 500DM.
- dp. Net subtraction decoupling modification from a pass-through entity. See Form 500DM.
- ee. The amount received as a grant under the Solar Energy Grant Program administered by the Maryland Energy Administration (but not more than the amount included in your total income).
- ff. Amount of the cost difference between a conventional on-site sewage disposal and a system that uses nitrogen removal technology, for which the Department of Environment's payment assistance program does not cover.
- hh. Exemption adjustment for certain taxpayers with interest on U.S. obligations. If you have received income from U.S. obligations and your federal adjusted gross income exceeds \$100,000 (\$150,000 if filing Joint, Head of Household, or Qualifying Widow(er)), enter the difference, if any, between the exemption amount based on your federal adjusted gross income and the exemption amount based upon your federal adjusted gross income after subtracting your U.S. obligations using the EXEMPTION ADJUSTMENT WORKSHEET (13C).


hh. EXEMPTION ADJUSTMENT WORKSHEET (13C)

- Line 1: ENTER the exemption amount to be reported on line 19 of Form 502 using the chart in Instruction 10. (If you are a part-year resident, enter the amount to be reported on line 19 before it is prorated.) . \$ _____
- Line 2: ENTER your federal adjusted gross income as reported on line 1 of your Form 502 . . . \$ _____
- Line 3: ENTER your income from U.S. obligations (line ab, Form 502SU) \$ _____
- Line 4: SUBTRACT amount on line 3 from amount reported on line 2. \$ _____
- Line 5: RECALCULATE your exemption amount using the chart in Instruction 10, using the income from line 4. Remember to add your \$1,000 exemptions for age and blindness if applicable \$ _____
- Line 6: SUBTRACT the exemption amount calculated on line 1 from the exemption amount calculated on line 5. If the amount is less than zero (0), enter zero (0). If the amount is zero, you have already received the maximum exemption that you are entitled to claim on Form 502 \$ _____

If the amount is greater than zero (0), enter this amount as a subtraction on line hh of Form 502SU.


Example:

Pat and Chris Jones had a federal adjusted gross income of \$180,000. They also had \$40,000 on interest from U.S. Savings Bonds and had a dependent son whom they claimed on the Maryland tax return. Using Instruction 10, they found the exemption amount on their Maryland return (based upon \$180,000 of income) was \$2,400 (\$800 for three exemptions). If it were not for the \$40,000 of U.S. Savings Bonds, their federal adjusted gross income would have been \$140,000 and their exemption amount would have been \$9,600 (\$3,200 for three exemptions). Therefore, Pat and Chris Jones are entitled to claim a subtraction of \$7,200 (\$9,600 - \$2,400) on line hh of Form 502SU.

- ii. Interest on any **Build America Bond** that is included in your federal adjusted gross income. See Administrative Release 13.
- jj. Gain resulting from a payment from the Maryland Department of Transportation as a result of the acquisition of a portion of the property on which your principal residence is located.
- kk. Qualified conservation program expenses up to \$500 for an application approved by the Department of Natural Resources to enter into a Forest Conservation and Management Plan.
- ll. Payment received as a result of a foreclosure settlement negotiated by the Maryland Attorney General.
- mm. Amount received by a claimant for noneconomic damages as a result of a claim of unlawful discrimination under Internal Revenue Code Section 62(e).
- nn. Amount of student loan indebtedness discharged due to total or permanent disability or death. Attach a  copy of the notice stating that the loans have been discharged due to total and permanent disability or death.
- oo. Amount of qualified principal residence indebtedness included in federal adjusted gross income that was allowable as an exclusion under the Mortgage Debt Relief Act of 2007, as amended. The subtraction cannot exceed \$100,000 for taxpayers who file single or married filing separately, and cannot exceed \$200,000 for married filing joint, head of household, or qualifying widow(er). Qualified principal residence indebtedness is debt used to buy, build or substantially improve your principal residence, or to refinance debt incurred for those purposes but only if the debt is secured by the home.

Line 14. TWO-INCOME SUBTRACTION. You may subtract up to \$1,200 if both spouses have income subject to Maryland tax and you file a joint return. To compute the subtraction, complete the TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET (13D).

14 ITEMIZED DEDUCTIONS.

 **Maryland has recouped with the federal 2014 itemized deduction threshold limiting itemized deductions.**

Copy the amount from Schedule A, line 29, Total Itemized Deductions, on line 17a of Form 502. Certain items of federal itemized deductions are not eligible for State purposes and must be subtracted from line 17a. State and local **income** taxes used as a deduction for federal purposes must be entered on line 17b. Also, any amounts deducted as contributions of Preservation or Conservation Easements for which a credit is claimed on Form 500CR must be added to line 17b.

Note: Certain high-income taxpayers are required to reduce their federal itemized deductions. If you had to reduce your total federal itemized deductions, use the Itemized Deduction Worksheet (14A) to calculate the amount of state and local income taxes to enter on line 17b of Form 502.

You are not required to itemize deductions on your Maryland return because you have itemized deductions on your federal return. Figure your tax each way to determine which method is best for you.

If your unreimbursed business expenses include depreciation to which an adjustment is required for Maryland purposes, complete Form 500DM to calculate the addition modification "I" or subtraction modification "bb."

15 FIGURE YOUR MARYLAND ADJUSTED GROSS INCOME.

Complete lines 1–16 on Form 502. Line 16 is your Maryland adjusted gross income.

TWO-INCOME MARRIED COUPLE SUBTRACTION WORKSHEET (13D)

	(a) you	(b) your spouse
1. ENTER the portion of federal adjusted gross income from line 1 of Form 502 attributable to each spouse.		
2. ENTER the portion of additions to income from line 6 of Form 502 attributable to each spouse.		
3. ADD lines 1 and 2.		
4. ENTER the portion of subtractions from income from lines 8-13 of Form 502 attributable to each spouse.		
5. SUBTRACT line 4 from line 3.		
6. COMPARE the amounts on lines 5 (a) and (b) and enter the smaller amount here but not less than zero.		
7. ENTER \$1,200 or the amount on line 6, whichever is less. ENTER this amount on line 14 of Form 502.		

ITEMIZED DEDUCTION WORKSHEET (14A)

(To be used only by high-income taxpayers who were required to reduce their federal itemized deductions).

- ENTER the amount from line 29 of federal Schedule A 1. \$ _____
- ENTER the total of the amounts from Schedule A, lines 4, 14, and 20, plus any gambling and casualty or theft losses included in line 28 2. \$ _____
- Federal itemized deductions that were limited (SUBTRACT line 2 from line 1.) 3. \$ _____
- Federal itemized deductions subject to limitation (ENTER the total of lines 9, 10, 11, 12, 13, 19, 27, and 28, less any gambling and casualty or theft losses included in line 28 of federal Schedule A.) 4. \$ _____
- DIVIDE line 3 by line 4 5. _____ %
- ENTER the amount of state and local income taxes from line 5 of federal Schedule A 6. \$ _____
- MULTIPLY line 5 by line 6. Enter here and on Form 502, line 17b 7. \$ _____

Part-Year Residents see Instruction 26.

STANDARD DEDUCTION WORKSHEET (16A)

If your filing status is:	
Single, Married filing separately or Dependent taxpayer	Married filing jointly, Head of household or Qualifying widow(er)
Worksheet 1	Worksheet 2
Enter your income from line 16 of Form 502 \$ _____	Enter your income from line 16 of Form 502 \$ _____
If your income is:	If your income is:
Your standard deduction is:	Your standard deduction is:
\$10,000 or less \$ 1,500	\$20,000 or less \$ 3,000
or	or
If your income is between \$10,000 - \$13,333	If your income is between \$20,000 - \$26,667
Enter your income from above: \$ _____	Enter your income from above: \$ _____
Multiply by 15 percent (.15) X .15	Multiply by 15 percent (.15) X .15
This is your standard deduction \$ _____	This is your standard deduction \$ _____
or	or
If your income is:	If your income is:
Your standard deduction is:	Your standard deduction is:
\$13,333 or over. \$ 2,000	\$26,667 or over. \$ 4,000
Enter your standard deduction on line 17 of Form 502.	Enter your standard deduction on line 17 of Form 502.

16 FIGURE YOUR MARYLAND TAXABLE NET INCOME.

To find your taxable income you must subtract either the standard deduction from the worksheet or the itemized deductions you have entered on line 17 of Form 502. The ITEMIZED DEDUCTION METHOD will lower your taxes if you have enough deductions. If you are not certain about which method to use, figure your tax both ways to determine which method is best for you. Check the box on line 17 of Form 502 to show which method you will use.

STANDARD DEDUCTION METHOD (Check the box on line 17 of Form 502)

The STANDARD DEDUCTION METHOD gives you a standard deduction of 15% of Maryland adjusted gross income (line 16) with minimums of \$1,500 and \$3,000 and maximums of \$2,000 and \$4,000, depending on your filing status. Use STANDARD DEDUCTION WORKSHEET (16A) for your filing status to figure your standard deduction. Write the result on line 17 of Form 502. Then follow the instructions for EXEMPTIONS.

ITEMIZED DEDUCTION METHOD (Check the box on line 17 of Form 502)

You may itemize your deductions only if you itemized deductions on your federal return. See Instruction 14 for completing lines 17a and b of Form 502. Enter the result on line 17b. You are not required to itemize deductions on your Maryland return simply

because you itemized on your federal return. Figure your tax each way to determine which method is best for you.

EXEMPTIONS

After completing the EXEMPTIONS area on your return, enter the total exemption amount on line 19 of Form 502.

PART-YEAR RESIDENTS AND NONRESIDENT MILITARY TAXPAYERS

You must adjust your standard or itemized deductions and exemptions. If you are a part-year resident, see Instruction 26. If you are a nonresident military member filing a joint return with your civilian spouse, see Administrative Release 1.

17 FIGURE YOUR MARYLAND TAX.

You must use the tax tables if your taxable income is less than \$100,000.

The 2014 Maryland tax rate schedules are shown so you can see the tax rate that applies to all levels of income; however, do not use them to figure your tax. Instead, use the tax tables if your income is under \$100,000; otherwise, use the appropriate row in the MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES (17A) at the end of the tax tables to figure your tax. The tax tables and the MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES I AND II have been based on these tax rate schedules.

Find the income range in the tax table that applies to the amount on line 21 of Form 502. Find the Maryland tax corresponding to your income range. Enter the tax amount on line 22 of Form 502. If your taxable income is \$100,000 or more, use the MARYLAND TAX COMPUTATION WORKSHEET (17A) at the end of the tax table.

MARYLAND TAX COMPUTATION WORKSHEET SCHEDULES

Tax Rate Schedule I

For taxpayers filing as Single, Married Filing Separately, or as Dependent Taxpayers. This rate is also used for taxpayers filing as Fiduciaries.

If taxable net income is:		Maryland Tax is:			
At least:	but not over:				
\$0	\$1,000			2.00%	of taxable net income
\$1,000	\$2,000	\$20.00	plus	3.00%	of excess over \$1,000
\$2,000	\$3,000	\$50.00	plus	4.00%	of excess over \$2,000
\$3,000	\$100,000	\$90.00	plus	4.75%	of excess over \$3,000
\$100,000	\$125,000	\$4,697.50	plus	5.00%	of excess over \$100,000
\$125,000	\$150,000	\$5,947.50	plus	5.25%	of excess over \$125,000
\$150,000	\$250,000	\$7,260.00	plus	5.50%	of excess over \$150,000
\$250,000		\$12,760.00	plus	5.75%	of excess over \$250,000

Tax Rate Schedule II

For taxpayers filing Joint, Head of Household, or for Qualifying Widows/Widowers.

If taxable net income is:		Maryland Tax is:			
At least:	but not over:				
\$0	\$1,000			2.00%	of taxable net income
\$1,000	\$2,000	\$20.00	plus	3.00%	of excess over \$1,000
\$2,000	\$3,000	\$50.00	plus	4.00%	of excess over \$2,000
\$3,000	\$150,000	\$90.00	plus	4.75%	of excess over \$3,000
\$150,000	\$175,000	\$7,072.50	plus	5.00%	of excess over \$150,000
\$175,000	\$225,000	\$8,322.50	plus	5.25%	of excess over \$175,000
\$225,000	\$300,000	\$10,947.50	plus	5.50%	of excess over \$225,000
\$300,000		\$15,072.50	plus	5.75%	of excess over \$300,000

18 EARNED INCOME CREDIT, POVERTY LEVEL CREDIT, CREDITS FOR INDIVIDUALS AND BUSINESS TAX CREDITS.

If you claim earned income credit or poverty level credit, see Instruction 19 for your local credit calculation.

Form 500CR Instructions are available online at www.marylandtaxes.com. You must file Form 500CR electronically to claim a business income tax credit.

Line 23 of Form 502.

EARNED INCOME CREDIT.

If you claimed an earned income credit on your federal return, then you may claim one-half (50%) of the federal credit on your Maryland return. If you are a part-year resident or a member of the military, see Instruction 26(o) before completing this worksheet. If you filed a joint federal return but a separate Maryland return, you may claim a combined total of up to one-half the federal credit. Complete the STATE EARNED INCOME CREDIT WORKSHEET (18A) to calculate the amount to enter on line 23 of Form 502.

STATE EARNED INCOME CREDIT WORKSHEET (18A)

(Part-year residents see Instruction 26(o).)

1. Maryland tax (from line 22 of Form 502) 1. _____
2. Federal earned income credit _____ x 50% (.50). Enter this amount here and on line 23 of Form 502 2. _____
3. Subtract line 2 from line 1. If less than zero (0), enter zero (0). 3. _____

If line 3 is greater than zero (0), you may qualify for the Poverty Level Credit. See instructions below.

If line 3 is zero (0), you may qualify for the Refundable Earned Income Credit. See Instruction 21.

Line 24 of Form 502. STATE POVERTY LEVEL CREDIT. If your earned income and federal adjusted gross income plus additions are below the poverty level income for the number of exemptions on your federal tax return, you may be eligible for the poverty level credit. You are not eligible for this credit if you checked filing status 6 (dependent taxpayer) on your Maryland income tax return.

Generally, if your Maryland state tax exceeds 50% of your federal earned income credit and your earned income and federal adjusted gross income are below the poverty income guidelines from the STATE POVERTY LEVEL CREDIT WORKSHEET (18B), you may claim a credit of 5% of your earned income.

Complete the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) to calculate the amount to enter on line 24 of Form 502.

This is not a refundable credit.

STATE POVERTY LEVEL CREDIT WORKSHEET (18B)

If you checked filing status 6 on your Maryland return, you are not eligible for this credit.

1. Enter the amount from line 7 of Form 502. If you checked filing status 3 (married filing separately) and you filed a joint federal return enter your joint federal adjusted gross income plus any Maryland additions 1. _____
2. Enter the total of your salary, wages, tips and other employee compensation and net profit from self-employment here, and on line 1b of Form 502, if line 1b is currently blank. (Do not include a farm or business loss.) Also include your distributive share of income from pass-through entities. 2. _____
3. Find the number of exemptions in the chart that is the same as the number of exemptions entered on your federal tax return. Enter the income level that corresponds to the exemption number 3. _____
4. Enter the amount from line 1 or 2, whichever is larger. Compare lines 3 and 4. If line 4 is greater than or equal to line 3, STOP HERE. You do not qualify for this credit. If line 3 is greater than line 4, continue to line 5. 4. _____
5. Multiply line 2 by 5% (.05). This is your State Poverty Level Credit. Enter that amount here and on line 24 of Form 502. (Part-year residents or members of the military, see Instruction 26(o)) 5. _____

POVERTY INCOME GUIDELINES

NUMBER OF EXEMPTIONS ON FEDERAL RETURN	INCOME LEVEL
1	\$11,670
2	\$15,730
3	\$19,790
4	\$23,850
5	\$27,910
6	\$31,970
7	\$36,030
8	\$40,090

If you have more than 8 exemptions, add \$4,060 to the last income level for each additional exemption.

Line 25 of Form 502. OTHER INCOME TAX CREDITS FOR INDIVIDUALS. Enter the total of your income tax credits as listed below. Complete and attach Form 502CR with Form 502.

a. CREDITS FOR INCOME TAXES PAID TO OTHER STATES.

If you have income subject to tax in both Maryland and another state, you may be eligible for a tax credit. **Note:** You must attach a copy of Form 502CR and also a copy of the tax return filed in the other state. If these are not attached, no credit will be allowed.

b. CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES.

If you were eligible for a Child and Dependent Care Credit on your federal income tax return and your income is below certain thresholds, you are entitled to a tax credit equal to a percentage of the federal credit.

c. QUALITY TEACHER INCENTIVE CREDIT. If you are a qualified teacher who paid tuition to take graduate level courses required to maintain certification, you may be eligible for a tax credit.

d. CREDIT FOR AQUACULTURE OYSTER FLOATS. If you purchased a new aquaculture oyster float during the tax year, you may be entitled to a credit of up to \$500 for the cost of the float.

e. LONG-TERM CARE INSURANCE CREDIT. If you paid a premium for a long-term care insurance policy for yourself or certain Maryland resident family members, you may be eligible for a tax credit.

f. CREDIT FOR PRESERVATION AND CONSERVATION EASEMENTS. If you donated an easement to the Maryland Environmental Trust or the Maryland Agricultural Land Preservation Foundation to preserve open space, natural resources, agriculture, forest land, watersheds, significant ecosystems, view sheds or historic properties, you may be eligible for a credit.

g. HEALTH ENTERPRISE ZONE PRACTITIONER TAX CREDIT. If you are a qualified "Health Enterprise Zone (HEZ) Practitioner," you may be able to claim a credit against your state tax liability for income that you earned for practicing health care in an HEZ.

Line 26 of Form 502. BUSINESS TAX CREDITS. You must file your Form 502 electronically to claim the following nonrefundable business tax credits from Form 500CR.

a. ENTERPRISE ZONE TAX CREDIT. Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees.

b. MARYLAND DISABILITY EMPLOYMENT TAX CREDIT. Businesses employing persons with disabilities as certified by the State Department of Education or veterans with disabilities as certified by the Department of Labor, Licensing and Regulation may be eligible for tax credits based upon wages paid to and child care and transportation expenses paid on behalf of those employees.

c. JOB CREATION TAX CREDIT. Certain businesses that create new qualified positions in Maryland may be eligible for a tax credit based on the number of qualified positions created or wages paid for these positions.

d. COMMUNITY INVESTMENT TAX CREDIT. Businesses that contribute to approved Neighborhood and Community Assistance Programs may be eligible for a tax credit of 50% of approved contributions with a maximum credit of \$250,000. Individuals who make a nonbusiness contribution may also be eligible for this tax credit.

e. BUSINESSES THAT CREATE NEW JOBS TAX CREDIT. Certain businesses located in Maryland that create new positions or establish or expand business facilities in the state may be entitled to an income tax credit if a property tax credit is granted by Baltimore City or any county or municipal corporation of Maryland.

f. EMPLOYER-PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT. A credit may be claimed for costs incurred by an employer who provides long-term care insurance as part of an employee benefit package.

g. SECURITY CLEARANCE COSTS TAX CREDIT. Businesses that incur costs certified by the Department of Business and Economic Development to construct or renovate Sensitive Compartmented Information Facilities (SCIF) or for certain Security Clearance Administrative Costs may be eligible to claim a credit for security costs.

h. FIRST YEAR LEASING COSTS TAX CREDIT FOR A QUALIFIED SMALL BUSINESS. Certain small businesses performing security-based contracting that incur expenses for rental payments owed during the first year of a rental agreement for spaces leased in Maryland costs may be eligible to claim a credit for security costs certified by the Department of Business and Economic Development.

i. RESEARCH AND DEVELOPMENT TAX CREDIT. Businesses may claim a credit for certain qualified research and development expenses.

j. COMMUTER TAX CREDIT. Businesses may claim a credit for the cost of providing qualifying commuter benefits to the business entities' employees.

k. MARYLAND-MINED COAL TAX CREDIT. A qualifying cogenerator, small power producer or electricity supplier may claim a credit for the purchase of Maryland-mined coal.

l. ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT. Businesses may claim a credit against the project cost and start-up cost to establish, relocate or expand a business in a distressed county in Maryland.

m. OYSTER SHELL RECYCLING TAX CREDIT. An individual or business may claim a credit in an amount of \$1 for each bushel of oyster shells recycled during the taxable year with a maximum credit of \$750.

n. BIO-HEATING OIL TAX CREDIT. Businesses and individuals may claim a credit of 3 cents for each gallon of bio-heating oil purchased for space or water heating with a maximum credit of \$500.

o. CELLULOSIC ETHANOL TECHNOLOGY RESEARCH AND DEVELOPMENT TAX CREDIT. Businesses and individuals may claim a credit of up to 10% of the qualified research and development expenses incurred in Maryland for technology that is used to develop cellulosic biomass for conversion to ethanol fuel.

p. WINERIES AND VINEYARDS TAX CREDIT. Businesses and individuals may claim a credit of 25% of qualified capital expenses, approved by the Department of Business and Economic Development, made in connection with the establishment of new wineries or vineyards or capital improvements to existing wineries or vineyards.

q. ELECTRIC VEHICLE RECHARGING EQUIPMENT TAX CREDIT. An individual or a corporation may be certified to claim a credit for certain amount of cost for qualified electric vehicle recharging equipment that is placed into service before July 1, 2014.

r. QUALIFIED VEHICLE TAX CREDIT (Tractor-Trailer Vehicle Registration Tax Credit). A credit may be claimed for the expense of registering a qualified



Class F (Tractor) vehicle that is titled and registered in Maryland.

For additional information regarding any of the above income tax credits, see the Business Tax Credits Form 500CR Instructions available at www.marylandtaxes.com.

NOTE: If you claim a business tax credit for items a, b, g, i, or o, an addition to income must be included on line 5. See Instruction 12.

19 LOCAL INCOME TAX AND LOCAL CREDITS.

Maryland counties and Baltimore City levy an income tax which is a percentage of Maryland taxable net income. Use the LOCAL TAX RATE CHART and the LOCAL TAX WORKSHEET (19A) to figure your local income tax. Use the county (or Baltimore City) you resided in on the last day of the tax year and which you showed in the box at the top of Form 502. Military taxpayers should refer to Instruction 29.

2014 LOCAL TAX RATE CHART

Subdivision	Rate
Baltimore City . . . . .	.0320
Allegany County . . . . .	.0305
Anne Arundel County . . . . .	.0256
Baltimore County . . . . .	.0283
Calvert County . . . . .	.0280
Caroline County . . . . .	.0273
Carroll County . . . . .	.0304
Cecil County . . . . .	.0280
Charles County . . . . .	.0303
Dorchester County . . . . .	.0262
Frederick County . . . . .	.0296
Garrett County . . . . .	.0265
Harford County . . . . .	.0306
Howard County . . . . .	.0320
Kent County . . . . .	.0285
Montgomery County . . . . .	.0320
Prince George's County . . . . .	.0320
Queen Anne's County . . . . .	.0320
St. Mary's County . . . . .	.0300
Somerset County . . . . .	.0315
Talbot County . . . . .	.0240
Washington County . . . . .	.0280
Wicomico County . . . . .	.0320
Worcester County . . . . .	.0125

LOCAL TAX WORKSHEET (19A)

Multiply the taxable net income by your local tax rate from the LOCAL TAX RATE CHART for the county in which you were a resident on the last day of the tax year. Enter the result on line 29 of Form 502. This is your local income tax.

- TAXABLE net income from line 21 of Form 502. 1. \$ _____
- LOCAL tax rate from chart above. The first digit has been entered for you. 2. 0 _____
- LOCAL income tax (Multiply line 1 by line 2.) Enter this amount on line 29 of Form 502 rounded to the nearest cent or whole dollar. 3. \$ _____

Local earned income credit.

If you entered an earned income credit on line 23 of Form 502, complete the LOCAL EARNED INCOME CREDIT WORKSHEET (19B).

LOCAL EARNED INCOME CREDIT WORKSHEET (19B)

(Part-year residents see Instruction 26(o).)

- Enter federal earned income credit from

- your federal return 1. _____
- Enter your local tax rate from line 2 of the Local Tax Worksheet 2. 0 _____
- Multiply line 2 by 10 and enter on line 4. 3. _____
 Example:
$$\begin{array}{r} .0256 \\ \times 10 \\ \hline .256 \end{array}$$
- Local earned income credit rate 4. _____
- Multiply line 1 by line 4. Enter here and on line 30 of Form 502. 5. _____

Note: In lieu of multiplying by 10, you may simply move the decimal point one place to the right and enter on line 4.

Local poverty level credit. If you entered a poverty level credit on line 24 of Form 502, complete the LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C).

SPECIAL NOTE: If you and your spouse were domiciled in different taxing jurisdictions, you should file separate Maryland returns even though you filed a joint federal return. (See Instruction 7.) However, if you choose to file a joint Maryland return, please use the following instructions. Enter both counties and/or local jurisdictions in the county, city, town or special taxing area box of your return. If the local tax rates are the same, complete the worksheets as instructed and attach a schedule showing the local tax for each jurisdiction based on the ratio of each spouse's income to the total income. Also note the words "separate jurisdictions" on line 29 of Form 502. If the local tax rates are different, calculate a ratio of each spouse's income to total income. Then apply this ratio to the taxable net income and calculate the local tax for each spouse separately using the appropriate local tax rates. Enter the combined local tax on line 29 of Form 502 and write the words "separate jurisdictions" on that line. Attach a schedule showing your calculations.

LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C)

(Part-year residents see Instruction 26(o).)

Refer to the STATE POVERTY LEVEL CREDIT WORKSHEET (18A) in Instruction 18. If the amount on line 3 is greater than the amount on line 4, you are eligible to claim the local poverty level credit. Complete this worksheet to calculate the amount of your credit.

- ENTER the amount from line 2 of the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) A. _____
- ENTER your local tax rate from line 2 of the LOCAL TAX WORKSHEET (19A) B. 0 _____
- MULTIPLY line A by line B. Enter the amount here and on line 31 of Form 502 . . . C. _____

20 TOTAL MARYLAND TAX, LOCAL TAX AND CONTRIBUTIONS.

Add your Maryland tax from line 28 of Form 502 and your local tax from line 33 of Form 502. Enter the result on line 34 of Form 502. Add to your tax any contribution amounts and enter the total on line 38 of Form 502.

CHESAPEAKE BAY AND ENDANGERED SPECIES FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

DEVELOPMENTAL DISABILITIES SERVICES AND SUPPORT FUND

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

MARYLAND CANCER FUND

You may contribute any amount you wish to this fund. The

amount contributed will reduce your refund or increase your balance due.

IMPORTANT: If there are not sufficient credits or other payments to satisfy both your tax and the contribution you have designated, the contribution amount will be reduced. If you have entered amounts for contributions to multiple funds, any reduction will be applied proportionately.

21 TAXES PAID AND REFUNDABLE CREDITS.

Write your taxes paid and credits on lines 39-42 of Form 502.

Instructions for each line:

Line 39 of Form 502.

MARYLAND TAX WITHHELD. Write the total Maryland and local tax withheld as shown on the wage and tax statements (Forms W-2, W-2G or 1099) you have received. Add the amounts identified as Maryland and local tax withheld on each form and write the total on this line. Attach Forms W-2, W-2G and 1099 to your return **if Maryland tax is withheld. You will not get credit for your withholding if you do not attach Forms 1099, W-2 or W-2G, substantiating Maryland withholding.**

IMPORTANT: Your wage and tax statements contain many numbers. Be sure you add only the amounts identified as Maryland and local tax withheld.

Line 40. **ESTIMATED TAX PAYMENTS.** Enter on line 40 the total of:

- a. Maryland estimated tax payments;
- b. Amount of overpayment applied from 2013 return;
- c. Payment made with a request for an automatic extension of time to file your 2014 return. (See the instructions on Form 502E); AND
- d. Reported income tax withheld on your behalf as an estimated payment, if you participated in a nonresident real estate transaction as an individual. Enter code number **506** in one of the code number boxes to the right of the telephone number area. The tax will be identified as Maryland tax withheld on Form MW506NRS. Please attach a copy of your federal return and all relevant schedules that report the sale of the property.

NOTE: Estimated tax payments are required if you expect to receive any income (like pensions, business income, capital gains, lottery, etc.) from which no tax or not enough Maryland tax will be withheld. Read the instructions for Form 502D, Maryland Personal Declaration of Estimated Income Tax.

Line 41 of Form 502.

REFUNDABLE EARNED INCOME CREDIT.

If one-half of your federal earned income credit is greater than your Maryland tax, you may also be eligible for a refundable earned income credit. This credit is the amount by which 25% of your federal earned income credit exceeds your Maryland tax liability. Complete the REFUNDABLE EARNED INCOME CREDIT WORKSHEET (21A) and enter the result on this line.

REFUNDABLE EARNED INCOME CREDIT WORKSHEET (21A)

TO CLAIM CREDIT YOU MUST:

- have an entry on line 23 and line 30 of Form 502, and
- have entered zero on line 3 of the STATE EARNED INCOME CREDIT WORKSHEET (18A) in Instruction 18.

1. ENTER your federal earned income credit _____ x 25% (.25) (Part-year residents see Instruction 26(o)) 1. _____
2. ENTER your Maryland tax from line 22 of Form 502 2. _____
3. SUBTRACT line 2 from line 1. If less than zero (0), enter zero (0). This is your refundable earned income credit. 3. _____

If line 3 is greater than zero (0), enter the amount on line 41 of Form 502.

Line 42. **REFUNDABLE INCOME TAX CREDITS.** Enter the total of your income tax credits as listed below:

- 1. NEIGHBORHOOD STABILIZATION TAX CREDIT.** If you own and live in a home in Baltimore County you may qualify for this credit. See instructions for Form 502CR.
- 2. SUSTAINABLE COMMUNITIES TAX CREDIT.** A credit is allowed for a certain percentage of qualified rehabilitation expenditures, as certified by the Maryland Historical Trust. Attach a copy of Form 502S and the certification.
- 3. REFUNDABLE BUSINESS INCOME TAX CREDITS.** One Maryland Economic Development Tax Credit, Biotechnology Investment Incentive Tax Credit, Clean Energy Incentive Tax Credit, **Cybersecurity Investment Incentive Tax Credit**, Health Enterprise Zone Hiring Tax Credit, Film Production Activity Tax Credit, and Small Business Research and Development Tax Credit. See Form 500CR instructions at **www.marylandtaxes.com**.
- 4. IRC SECTION 1341 REPAYMENT.** If you repaid an amount this year reported as income on a prior year federal tax return that was greater than \$3,000, you may be eligible for an IRC Section 1341 repayment credit. For additional information, see Administrative Release 40.
- 5. NONRESIDENT PTE TAX.** If you are the beneficiary of a trust for which nonresident PTE tax was paid, you may be entitled to a share of that tax. If you are a partner or a member of a pass-through entity for which nonresident PTE tax was paid, you may be entitled to a share of that tax.

Complete and attach Form 502CR with Form 502.

22 OVERPAYMENT OR BALANCE DUE.

Calculate the Balance Due (line 44 of Form 502) or Overpayment (line 45 of Form 502). Read instructions under underpayment OF ESTIMATED TAX and then go to BALANCE Due or Overpayment.

UNDERPAYMENT OF ESTIMATED TAX

If you had income from which tax was not withheld or did not have enough tax withheld during the year, you may have owed an estimated tax. All taxpayers should refer to Form 502UP to determine if they owe interest because they paid too little estimated tax during the year.

If you owe interest, complete Form 502UP and write the amount of interest (line 18 of Form 502UP) in the appropriate box on line 48 of Form 502. Attach Form 502UP.

Generally, you do not owe interest if:

- a. you owe less than \$500 tax on income that is not subject to Maryland withholding;
- b. each current year payment, made quarterly as required, is equal to or more than one-fourth of 110% of last year's tax, that was developed; OR
- c. you made quarterly payments during the year that equal 90% of this year's tax.

Special rules apply if your gross income from farming or fishing is at least two-thirds of your total estimated gross income. See Form 502UP for additional information and instructions for claiming this exemption from interest.

INTEREST FOR LATE FILING

Interest is due at the rate of 13% annually or 1.08% per month for any month or part of a month that a tax is paid after the original due date of the return. Enter any interest due in the appropriate box of your tax return.

Penalty up to 25% may be assessed by the Revenue Administration Division for failing to pay any tax, or failing to file a tax return, when due.

TOTAL INTEREST

Enter the total of interest for underpayment of estimated tax and interest for late filing on line 48 of Form 502.

BALANCE DUE

If you have a balance due, add this amount to any amount on line 48. Put the total on line 49.

Pay your balance due (unless it is less than \$1.00). Go to Instructions 23 and 24 regarding signatures, attachments and mailing.

OVERPAYMENT

If you file Form 502 and have an overpayment on line 45, the Revenue Administration Division will refund any amount of \$1.00 or more. If you want part or all of your overpayment applied to your 2015 estimated tax, then write the amount you want applied on line 46. Overpayments may first be applied to previous years' tax liabilities or other debts as required by federal or state law. If you must pay interest for underpayment of estimated tax, enter the amount of interest from line 18 of Form 502UP on line 48. Subtract lines 46 and 48 from your overpayment (line 45). This is the amount of your refund. Write this amount on line 47. No refunds of less than \$1.00 will be sent. If the amount of interest charges from Form 502UP or line 48 is more than the overpayment on line 45 of Form 502, enter zero (0) on line 46 and 47. Then subtract line 48 from line 45 and enter the result on line 49. If you prefer, you may leave line 48 blank and the Revenue Administrative Division will figure the interest charges and send you a bill. Go to Instructions 23 and 24 regarding signatures, attachments and mailing.

The length of time you have for claiming a refund is limited. See Instruction 28 for more information.

DIRECT DEPOSIT OF REFUND

To comply with banking rules, we ask you to indicate on your return if the state refund is going to an account outside the United States. If you indicate that this is the case, do not enter your routing and account numbers, as the direct deposit option is not available to you. We will send you a paper check. Complete lines 50a, b and c of Form 502 if you want us to deposit your refund directly into your account at a bank or other financial institution (such as a mutual fund, brokerage firm or credit union) in the United States.



Check with your financial institution to make sure your direct deposit will be accepted and to get the correct routing and account numbers. **The State of Maryland is not responsible for a lost refund if you enter the wrong account information.**

Line 50a of Form 502.

Check the appropriate box to identify the type of account that will be used (checking or savings). You must check one box only or a refund check will be mailed.

Line 50b of Form 502.

The routing number must be **nine** digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check will be mailed.

If you are not sure of the correct routing number or if your check states that it is payable through a financial institution different from the one at which you have your checking account, contact your financial institution for the correct routing number.

Line 50c of Form 502.

The account number can be up to 17 characters (both numbers

and letters). Omit spaces, hyphens and special symbols. Enter the number from left to right. If we are notified by the financial institution that the direct deposit is not successful, a refund check will be mailed to you. Please have a bank statement for the deposit account available if you contact us concerning the direct deposit of your refund.

DISCLOSURE Entering your bank account routing number, account number and account type in the area provided on your Maryland income tax return to request a direct deposit of your income tax refund authorizes the Comptroller's Office to disclose this information and your refund amount to the Maryland State Treasurer's Office who performs banking services for the Comptroller's Office.

SPLITTING YOUR DIRECT DEPOSIT

If you would like to deposit portions of your refund (Form 502, line 47) to multiple accounts, do not complete any direct deposit information on your income tax return. Instead, you must enter code number **588** in one of the code number boxes located to the right of the telephone number area on your return; complete, and attach Form 588. See our Web site at **www.marylandtaxes.com** to obtain a Form 588.

NOTE: You may not use Form 588 if you are filing Form 502INJ, Maryland Injured Spouse Claim Form, or if you plan to deposit your refund in a bank outside the United States.

23 TELEPHONE NUMBERS, CODE NUMBER, SIGNATURES AND ATTACHMENTS.

Enter your telephone numbers and sign and date your return. Be sure to attach all required forms, schedules and statements.

CODE NUMBER

If special circumstances apply, you may not owe interest for underpayment of estimated tax. Enter the applicable code number in one of the code number boxes located to the right of the telephone number area. Enter **code 300** if you are a farmer or fisherman, **301** if your income was received unevenly throughout the year, or **302** if 90% of your taxable income is taxable by another state and the underpayment is not greater than the local tax. Attach your completed Form 502UP if you have entered **code 301**.

TAX PREPARERS

If another person prepared your return, that person must also sign the return and enter their Preparer's Tax Identification Number (PTIN). The preparer declares, under the penalties of perjury, that the return is based on all information required to be reported of which the preparer has knowledge. Income tax preparers who, for compensation, completed 100 or more original Maryland individual income tax returns (paper and electronic forms) for Tax Year 2013 are required to file all original individual income tax returns electronically for Tax Year 2014, except when a taxpayer specifically requests a preparer to file by paper or when a preparer has received a valid written waiver from the Comptroller.

At the bottom of the return at the signature area, we have provided a check box for you to authorize your preparer to discuss your return with us. Another check box is provided for you to authorize your preparer not to file your return electronically.

Penalties may be imposed for tax preparers who fail to sign the tax return and provide their PTIN, or who failed to file electronically when required.

SIGNATURES

You must sign your return. Your signature(s) signifies that your return, including all attachments, is, to the best of your knowledge and belief, true, correct and complete, under penalties of perjury. Both spouses must sign a joint return. If your spouse cannot sign because of injury or disease and tells you to sign, you can sign your spouse's name in the proper space

on the return followed by the words "By (your name), spouse." Be sure to also sign in the space provided for your signature. If a power of attorney is necessary, complete federal Form 2848 and attach to your return.

ATTACHMENTS

Be sure to attach wage and tax statements (Form W-2, W-2G and 1099) to the front of your return **if Maryland tax was withheld**. Also attach all forms, K-1s, schedules and statements required by these instructions.

Place your check or money order on top of your wage and tax statements and fasten with one staple on the front of your tax return.

24 ELECTRONIC AND PC FILING, MAILING AND PAYMENT INSTRUCTIONS, DEADLINES AND EXTENSION.

ELECTRONICALLY FILING YOUR RETURN

The fastest way to file your return, and receive your refund is to file electronically and request direct deposit. If you request direct deposit on your electronic return, your refund should be in your bank account within 72 hours of acknowledgement from the Revenue Administration Division. **You may request electronic funds withdrawal (direct debit) payments on your electronic return.** If you both file and pay electronically, your return is due April 15th. **However, you will have until April 30th to make your electronic payment. Note: An online payment where the bank mails the Comptroller of Maryland a paper check is not considered an electronic payment.** You may file your return electronically through your personal computer. **Do not send a paper copy of the return you electronically filed.** For more information, please visit www.marylandtaxes.com.

ELECTRONIC PAYMENT OF BALANCE DUE

If your paper or electronic tax return has a balance due, you may pay electronically at www.marylandtaxes.com by selecting Bill Pay. The amount that you designate will be debited from your bank or financial institution on the date that you choose.

PAYMENT BY CHECK OR MONEY ORDER

Make your check or money order payable to "Comptroller of Maryland." Use blue or black ink. Do not use red ink or pencil. Write the type of tax and year of tax being paid on your check. It is recommended that you include your Social Security Number on the check. **DO NOT SEND CASH.**

ALTERNATIVE PAYMENT METHODS

For alternative methods of payment, such as a credit card, visit our website at www.marylandtaxes.com.

NOTE: Credit card payments are considered electronic payments for the purpose of the April 30th extended due date if you filed your return electronically by April 15th.

ELECTRONIC 1099G

At the bottom of the return in the signature area, we have provided a check-box just above the signature for you to indicate that you agree to receive your statement of refund (Form 1099G) electronically. An electronic Form 1099G may be downloaded and printed from our secure Web site at www.marylandtaxes.com. At this Web site, you may also request to receive Form 1099G in paper form.

MAILING YOUR RETURN

Mail returns to:

**Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, Maryland 21411-0001**

Sending your return by certified mail will not result in special handling and may delay your refund.

Private Delivery Services

If you wish to send your items by a private delivery service (such as FedEx or UPS) instead of the U.S. Postal Service, use the following address:

Private Delivery Service Address:

**Comptroller of Maryland
Revenue Administration Division
80 Calvert Street
Annapolis, Maryland 21401
410-260-7980**

DUE DATE

Returns must be mailed by April 15, 2015, for calendar year taxpayers. Persons filing on a fiscal year basis should see Instruction 25.

EXTENSION OF TIME TO FILE

Follow the instructions on Form 502E to request an automatic extension of the time to file your 2014 return. Filing this form extends the time to file your return, but does not extend the time to pay your taxes. Payment of the expected tax due is required with Form 502E by April 15, 2015. You can file and pay by credit card or electronic funds withdrawal (direct debit) on our Web site. If no tax is due and you requested a federal extension, you do not need to file Form 502E or take any other action to obtain an automatic **six-month extension**. If no tax is due and you did not request a federal extension, file your extension online at www.marylandtaxes.com or by phone at 410-260-7829. Only submit Form 502E if tax is due.

COMBAT ZONE EXTENSION

Maryland allows the same six-month extension for filing **and paying** personal income taxes for military and support personnel serving in a designated combat zone or qualified hazardous duty area and their spouses as allowed by the IRS. For more detailed information visit www.irs.gov. If you are affected by the extension enter **912** in one of the code number boxes to the right of the telephone number area.

25 FISCAL YEAR.

You must file your Maryland return using the same tax year and the same basis (cash or accrual) as you used on your federal return.

To file a fiscal year return, complete the fiscal year information at the top of Form 502, and print "FY" in bold letters in the upper left hand corner of the form. When ever the term "tax year" appears in these instructions, fiscal year taxpayers should understand the term to mean "fiscal year." Use the 2014 forms for fiscal years which begin during calendar year 2014.

Fiscal year returns are due on the 15th day of the 4th month following the close of the fiscal year.

26 SPECIAL INSTRUCTIONS FOR PART-YEAR RESIDENTS.

Your return must show all income reported on your federal return, regardless of when or where earned. However, you are permitted to subtract income received when not a resident of Maryland. The following instructions describe the adjustments which must be made for a part-year resident return and returns filed by certain military taxpayers (see Instruction 29) and married couples who file a joint return when one spouse is not a resident of Maryland.

- You must file Form 502.
- Whenever the term "tax year" is used in these instructions, it means that portion of the year in which you were a resident of Maryland. If you began residence in Maryland in 2014, the last day of the "tax year" was December 31, 2014. If you ended residence in Maryland in 2014, the last day of the "tax year" was the day before you established residence in another state.

- c. Complete the name and address information at the top of Form 502.
- d. Complete the county, city, town or taxing area information using Instruction 6. Use the county, city, town or taxing area of which you were a resident on the last day of your Maryland residence.
- e. Complete the filing status area using the same filing status that you used on your federal return. Married couples who file joint federal returns may file separate Maryland returns under certain circumstances. See Instruction 7. If you are a dependent taxpayer, use filing status 6.
- f. Complete the EXEMPTIONS area. You can claim the same **number** of exemptions that were claimed on your federal return. Additional exemptions are allowed for age and blindness for Maryland purposes which will be computed in this area.
- g. Complete the Part-year/MILITARY area on the front of Form 502. Place a "P" in the box and show the dates of residence in Maryland. Certain military taxpayers following these instructions should place an "M" in the box and enter the non-Maryland military income. If you are both part-year and military, place a "P" and "M" in the box. Married taxpayers with different tax periods filing a joint Maryland return should enter a "D" in the box, follow the remainder of this instruction and write "different tax periods" in the dates of residence area. Married taxpayers who file a joint return when one spouse is not a resident of Maryland should place a "P" in the part year resident box and enter the name and the other state of residence of the nonresident spouse.
- h. Enter on line 1 the adjusted gross income from your federal return for the entire year regardless of your length of residence.
- i. Complete the ADDITIONS TO INCOME area using Instruction 12. If you had losses or adjustments to income on your federal return, write on line 5 those loss or adjustment items that were realized or paid when you **were not** a resident of Maryland.
- j. Complete the SUBTRACTIONS FROM INCOME area using Instruction 13. **You may include only subtractions from income that apply to income subject to Maryland tax.** Include on line 12 any income received during the part of the year when you were **not** a resident of Maryland.
- k. You must adjust your standard or itemized deductions and exemptions based on the percentage of your income subject to Maryland tax. Complete the MARYLAND INCOME FACTOR WORKSHEET (26A) to figure the percentage of Maryland income to total income.
- l. If you itemize deductions, complete lines 17a and b. Prorate the itemized deductions using the following formula:

$$\frac{\text{NET ITEMIZED DEDUCTIONS}}{\text{NET ITEMIZED DEDUCTIONS}} \times \text{MARYLAND INCOME FACTOR} = \text{MARYLAND ITEMIZED DEDUCTIONS}$$

Enter the prorated amount on line 17 of Form 502 and check the ITEMIZED DEDUCTION METHOD box. Another method of allocating itemized deductions may be allowed. Please send your written request along with your completed Maryland return, a copy of your federal return including Schedule A and a copy of the other state's return. If the other state does not have an income tax, then submit a schedule showing the allocation of income and itemized deductions among the states. The Maryland return must be completed in accordance with the alternative method requested. This request should be sent to the Revenue Administration Division, Taxpayer Accounting Section (Special Allocations), P.O. Box 1829, Annapolis, MD 21404-1829.

- m. If you are not itemizing deductions, you must use the standard deduction. The standard deduction must be prorated using the Maryland income factor. Calculate the standard deduction using a worksheet in Instruction 16. Prorate the standard deduction using the following formula:

$$\frac{\text{STANDARD DEDUCTION}}{\text{STANDARD DEDUCTION}} \times \text{MARYLAND INCOME FACTOR} = \text{PRORATED STANDARD DEDUCTION}$$

Enter the prorated amount on line 17 of Form 502 and check the Standard Deduction Method box.

- n. The value of your exemptions (line 19) must be prorated using the Maryland income factor. Prorate the exemption amount using the following formula:

$$\frac{\text{TOTAL EXEMPTION AMOUNT}}{\text{TOTAL EXEMPTION AMOUNT}} \times \text{MARYLAND INCOME FACTOR} = \text{PRORATED EXEMPTION AMOUNT}$$

Enter the prorated exemption amount on line 19 of Form 502.

- o. You must prorate your earned income, poverty level and refundable earned income credits using the Maryland income factor.

MARYLAND INCOME FACTOR Worksheet (26A)

1. Enter amount from line 16 of Form 502 . . . \$ _____
2. Enter amount from line 1 of Form 502 \$ _____
3. Divide line 1 above by line 2. Carry this amount to six decimal places.
The factor cannot exceed 1 (100%) and cannot be less than zero (0%).
If line 1 is 0 or less, the factor is 0.
If line 1 is greater than 0 and line 2 is 0 or less, the factor is 1. _____

EARNED INCOME CREDIT

Multiply your federal earned income credit by the Maryland income factor from line 3 of the MARYLAND INCOME FACTOR WORKSHEET (26A). Enter the result as the federal earned income credit amount on line 2 of the STATE EARNED INCOME CREDIT WORKSHEET (18A) in Instruction 18 and on line 1 of the LOCAL EARNED INCOME CREDIT WORKSHEET (19B) in Instruction 19.

Multiply the amount from line 5 of the STATE POVERTY LEVEL CREDIT WORKSHEET (18B) in Instruction 18 by the Maryland income factor and enter this amount as the credit on line 24 of Form 502. Multiply the amount from line c of the LOCAL POVERTY LEVEL CREDIT WORKSHEET (19C) in Instruction 19 by the Maryland income factor and enter this amount as the credit on line 31 of Form 502.

REFUNDABLE EARNED INCOME CREDIT

Multiply your federal earned income credit by the Maryland income factor from line 3 of the MARYLAND INCOME FACTOR WORKSHEET (26A). Enter the result as the federal earned income credit amount on line 1 of the REFUNDABLE EARNED INCOME CREDIT WORKSHEET (21A) in Instruction 21.

- p. Complete the remainder of the form using the line instructions.

27 FILING RETURN OF DECEASED TAXPAYER.

Enter code 321 in one of the code number boxes located to the right of the telephone number area. Use the following special instructions

FILING THE RETURN

If an individual required to file an income tax return dies, the final income tax return shall be filed:

- a. By the personal representative of the individual's estate;
- b. If there is no personal representative, by the decedent's surviving spouse; or,
- c. Jointly by the personal representatives of each if both spouses are deceased.

JOINT RETURN

If the spouse of the deceased taxpayer filed a joint federal return

with the decedent, generally a joint Maryland return must be filed. (See Instruction 7.)

The word "DECEASED" and the date of death should be written after the decedent's name at the top of the form. The name and title of any person, other than the surviving spouse, filing the return should be clearly noted on the form. Attach a copy of the Letters of Administration or, if the return is filed solely by the surviving spouse, attach a death certificate.

ALL OTHER RETURNS

If the return is filed by the personal representative, write the words "Estate of" before the decedent's first name and the date of death after the last name. The name and title of the person filing the return should be clearly noted on the form. Attach a copy of the Letters of Administration.

If there is no personal representative, write the word "deceased" and the date of death after the decedent's last name. The name and title of the person filing the return should be clearly noted on the form. Attach a copy of federal Form 1310.

KILLED IN ACTION

Maryland will abate the tax liability for an individual who is a member of the U.S. Armed Forces at death, and dies while in active service in a combat zone or at any place from wounds, disease, or injury incurred while in active service in a combat zone. To obtain an abatement, a return must be filed. The abatement will apply to the tax year in which death occurred, and any earlier tax year ending on or after the first day the member served in a combat zone in active service.

Maryland will also abate the tax liability of an individual who dies while a military or civilian employee of the United States, if such death occurs as a result of wounds or injury incurred outside the United States in a terrorist or military action. In the case of a joint return, Maryland applies the same rules for these taxpayers as does the IRS. For more information on filing a return, see Publication 3 Armed Forces Tax Guide available at www.irs.gov. Place code number **915** in one of the boxes marked "code numbers" to the right of the telephone number area, if you are filing a return for a taxpayer who was killed in action meeting the above criteria.

28 AMENDED RETURNS.

If you need to change a return that you have already filed, or if the IRS changes your return, you must file an amended return.

FILING AN AMENDED RETURN

You must file an amended return to make certain changes to your original return. These include changes in income, filing status, amount of deductions, the number of exemptions, and the amount of additions to income and subtractions from income.

Note: Changes made as part of an amended return are subject to audit for up to three years from the date the amended return is filed.

Use Form 502X to file an amended return and include a copy of your federal return. Form 502X and instructions may be obtained by visiting www.marylandtaxes.com or by calling 410-260-7951.

CHANGES TO YOUR FEDERAL RETURN

If the IRS makes any changes to your federal return, you must notify the State of Maryland. Send notification to the Maryland Revenue Administration Division within 90 days of the final determination of the changes by the IRS. If you file an amended federal return that changes your Maryland return, you must file an amended Maryland return.

IF YOUR ORIGINAL RETURN SHOWED A REFUND

If you expect a refund from your original return, do not file an amended return until you have received your refund check. Then cash the check; do not return it. If your amended return

shows a smaller refund, send a check for the difference with the amended return. If your amended return shows a larger refund, the Revenue Administration Division will issue an additional refund check.

ADDITIONAL INFORMATION

Do not file an amended return until sufficient time has passed to allow the original return to be processed. For current year returns, allow at least six weeks.

Generally, a claim for a refund or overpayment credit must be filed within three years from the date the original return was filed or within two years from the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due. If a claim is filed within three years after the date the return was filed, the credit or refund may not be more than that part of the tax paid within three years, plus extension of time for filing the return, prior to the filing of the claim. If a claim is filed after the three year period, but within two years from the time the tax was paid, the refund or credit may not be more than the tax paid within two years immediately before filing the claim for a refund or credit.

A claim for refund based on a federal net operating loss carryback must be filed within three years from the due date of the return for the tax year of the net operating loss.

If the claim for refund resulted from a federal adjustment or final decision of a federal court which is more than three years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund must be filed within one year from the date of the adjustment or final decision.

If the claim for refund resulted from a notification received from another state for income taxes due which is more than three years from the date of filing the Maryland return or more than two years from the time the tax was paid, a claim for refund resulting from a credit for taxes paid to that state must be filed within one year of the date of the notification that the other state's tax was due.

If the claim for refund or credit for overpayment resulted from a final determination made by an administrative board or an appeal of a decision of an administrative board, that is more than three years from the date of filing the return or more than two years from the time the tax was paid, the claim for refund must be filed within one year of the date of the final decision of the administrative board or final decision of the highest court to which an appeal of the administrative board is taken.

No refund for less than \$1.00 will be issued. No payment of less than \$1.00 is required.

29 SPECIAL INSTRUCTIONS FOR MILITARY TAXPAYERS.

See Administrative Release 1.

MILITARY PERSONNEL WHO ARE LEGAL RESIDENTS OF MARYLAND

1. Without overseas pay:

Must file a resident return (Form 502) and report all income from all sources, wherever earned. You must calculate the local portion of the tax regardless of whether you were stationed in Maryland or not. The location of your legal residence determines which county should be entered on your return. See Instructions 6 and 19. If you filed a joint federal return, see Instruction 7.

2. With overseas pay:

Same as above, may subtract up to \$15,000 in military pay earned outside U.S. boundaries or possessions, depending upon total military income. If you filed a joint federal return, see Instruction 7.

MILITARY PERSONNEL WHO ARE LEGAL RESIDENTS OF ANOTHER STATE

Military personnel and their spouses who are legal residents of another state should see the MARYLAND NONRESIDENT INSTRUCTIONS and Administrative Release 1.

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION INFORMATION REGARDING PROPERTY TAX CREDITS AND EXEMPTIONS

Under Maryland law, you may be eligible for a substantial credit on the property tax bill issued on your home, based upon your gross household income. This program is available to homeowners of all ages and the credit is calculated solely on the basis of gross income. The application form is not provided in this income tax booklet because the credits are issued as a deduction from the homeowner's July property tax bill. The property tax credit application forms are processed separately by the State Department of Assessments and Taxation.

Use the chart printed below to see if it would be worthwhile for you to submit a Homeowners' Tax Credit application. If the actual property taxes on your home (based on no more than \$300,000 of assessed value) exceed the "Tax Limit" amount shown on the table below for your household income level, you may be eligible for a credit and are urged to file an application. The table is printed for illustrative purposes, and therefore, the income amounts are listed in increments of \$1,000. For purposes of this program, the applicant must report total income, which means the combined gross household income before any deductions are taken. Nontaxable income, such as Social Security, Railroad Retirement or Veterans' benefits, also must be reported as income for the tax credit program.

2014 COMBINED GROSS HOUSEHOLD INCOME		2014 COMBINED GROSS HOUSEHOLD INCOME		2014 COMBINED GROSS HOUSEHOLD INCOME	
BEFORE DEDUCTIONS	TAX LIMIT	BEFORE DEDUCTIONS	TAX LIMIT	BEFORE DEDUCTIONS	TAX LIMIT
\$0 - \$8,000	\$ 0	17,000	510	26,000	1,320
9,000	40	18,000	600	27,000	1,410
10,000	80	19,000	690	28,000	1,500
11,000	120	20,000	780	29,000	1,590
12,000	160	21,000	870	30,000	1,680
13,000	225	22,000	960	and up to a maximum	*
14,000	290	23,000	1050	of \$60,000	
15,000	355	24,000	1140		
16,000	420	25,000	1230		

* For each additional \$1,000 of Income add \$90 to \$1,680 to find the amount that your tax must exceed.

If you think you might qualify on the basis of your household income, there are certain other legal requirements which must be met. Due to space restrictions, all of the other special limitations cannot be listed in this notice. The purpose of this notice is simply to advise you of the availability of the program and to suggest that you inquire further if you think you qualify on the basis of the income chart provided above. **To obtain a Homeowners' Tax Credit application form or to receive further information about your eligibility for the program, you should telephone 410-767-4433 in the Baltimore metropolitan area or 1-800-944-7403 (toll free) for those living elsewhere in Maryland.** Applications can also be found on the SDAT website at www.dat.maryland.gov/taxcredits.html. The deadline for filing a Homeowners' Tax Credit application is generally September 1, 2015.

RENTERS' TAX CREDIT PROGRAM

The State of Maryland also makes available a Renters' Tax Credit of up to \$750 a year for renters age 60 and over or those 100% disabled if they qualify on the basis of income. Renters under age 60 who have a dependent child may be eligible for a credit if certain separate income requirements are met. **To obtain a Renters' Tax Credit application form or to receive further information about the program, you may telephone 410-767-4433 in the Baltimore metropolitan area or 1-800-944-7403 (toll free) for those living elsewhere in Maryland.** Applications can also be found on the SDAT website at www.dat.maryland.gov/taxcredits.html. The filing deadline for the Renter's Program is September 1, 2015.

REAL PROPERTY TAX EXEMPTIONS FOR 100% DISABLED VETERANS AND BLIND PERSONS

There is a complete exemption from real property taxes on the dwelling house owned by disabled veterans with a 100% service connected permanent disability or by their surviving spouses. The State also allows an exemption on the first \$15,000 of valuation on the dwelling house owned by legally blind persons. **For further information about either exemption, please telephone 410-767-4433 in the Baltimore area or 1-800-944-7403 (toll free) in other areas of Maryland.**

For additional information regarding property tax credits and exemptions please visit the State Department of Assessments and Taxation website at www.dat.maryland.gov.



TAX INFORMATION AND ASSISTANCE

Visit our web site at www.marylandtaxes.com or call 1-800-638-2937 or from Central Maryland 410-260-7980

WALK IN SERVICE

Free, in-person tax assistance is provided at the taxpayer service offices listed below. Please bring a completed copy of your federal return and all W-2 statements. Offices are open Monday - Friday, 8:30 a.m. - 4:30 p.m. except for State Holidays.

SPECIAL ASSISTANCE

Hearing impaired individuals may call:
Maryland Relay Service (MRS) 711
Larger format tax forms 410-260-7951
ADA accommodations for Walk-in Service:
from Central Maryland 410-260-7980
from elsewhere 800-638-2937

TELEPHONE SERVICE

Telephone service is available 8:30 a.m. until 4:30 p.m., Monday through Friday. The Comptroller of Maryland offers extended hours for telephone assistance from February 2 - April 15, 2015. During this period, telephone assistance is available from 8:30 a.m. until 7:00 p.m., Monday through Friday except for State Holidays.

EMAIL SERVICE

Email to: taxhelp@comp.state.md.us. Please include your name, address and the last four digits of your Social Security Number in your email message. This will help us generate a quick response to your inquiry.

REFUND INFORMATION

Central Maryland 410-260-7701
Elsewhere 1-800-218-8160

MAILING YOUR RETURN

Mail returns to:
Comptroller of Maryland
Revenue Administration Division
110 Carroll Street
Annapolis, Maryland 21411-0001

Sending your return by certified mail will not result in special handling and may delay your refund.

BRANCH OFFICES

Annapolis

Revenue Administration Center
110 Carroll St.
Annapolis, MD 21411-0001

Baltimore

State Office Building
301 W. Preston St., Rm. 206
Baltimore, MD 21201-2384

Cumberland

Allegany Museum
3 Pershing St., Ste. 101
Cumberland, MD 21502-3042

Elkton

Upper Chesapeake Corporate Center
103 Chesapeake Blvd., Ste. D
Elkton, MD 21921-6313

Frederick

Courthouse/Multiservice Center
100 West Patrick St., Rm. 2110
Frederick, MD 21701-5646

Hagerstown

Professional Arts Building
1 South Potomac Street
Hagerstown, MD 21740-5512

Landover

Treetops Building
8181 Professional Pl., Ste 101
Landover, MD 20785-2226

Salisbury

Sea Gull Square
1306 South Salisbury Blvd., Ste. 182
Salisbury, MD 21801-6846

Towson

Hampton Plaza
300 East Joppa Rd., Ste. PL 1A
Towson, MD 21286-3020

Upper Marlboro

Prince George's County Courthouse
14735 Main St., Rm. 083B
Upper Marlboro, MD 20772-9978

Waldorf

1036 St. Nicholas Dr., Ste. 202
Waldorf, MD 20603-4757

Wheaton

Westfield Wheaton South Building
11002 Veirs Mill Road, Ste. 408
Wheaton, MD 20902-2574

DUE DATE: WEDNESDAY, APRIL 15, 2015